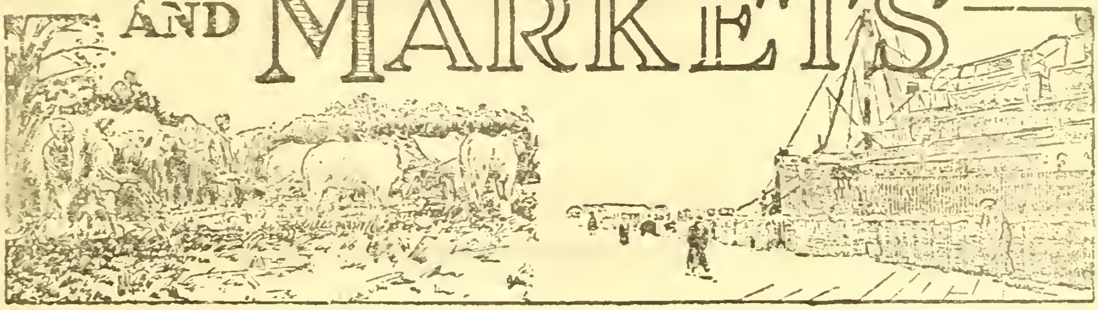
FOREIGN CROPS AND MARKETS



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FEATURE ARTICLE

FARM AID IN FOREIGN COUNTRIES

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IN THIS ISSUE

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LATE CABLES

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India second estimate current wheat crop placed at 350,709,000 as against comparable 1935 estimate revised to 368,144,000 bushels. Acreage reported at 33,500,000 as compared with 34,482,000 acres last year. (Director of Statistics, Calcutta, May 29, 1936.)

Czechoslovakia 1936 area sown reported as follows with 1935 comparisons in parentheses: Winter wheat and spelt 2,217,000 acres (2,250,000), spring wheat 124,000 (137,000), winter rye 2,483,000 (2,464,000), spring rye 47,000 (50,000), winter barley 15,000 (14,000), spring barley 1,581,000 (1,586,000), oats 1,924,000 (1,921,000) corn, unmixed crop, 208,000 (194,000), sugar beets 390,000 (387,000), potatoes, early, 105,000 (99,000), late 1,765,000 acres (1,752,000). (International Institute of Agriculture, Rome, May 26, 1936.)

India current foaxseed crop estimated at 15,360,000 bushels from 3,402,000 acres as against revised estimates for 1935 of 16,800,000 bushels from 3,410,000 acres. (Director of Statistics, Calcutta, May 27, 1936.)

India final report of 1936 crop of rapeseed and mustard placed at 1,065,000 short tons as compared with 1,005,000 in 1935 and an average crop of 1,150,000 short tons. Acreage estimated at 5,242,000 acres as against 5,309,000 in 1935 and an average of 6,205,000 acres. (International Institute of Agriculture, Rome, May 27, 1936.)

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CROP AND MARKET PROSPECTS

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BREAD GRAINS

Crop conditions in the Prairie Provinces of Canada

The seeding of wheat is practically completed in the Prairie Provinces of Canada, according to a telegram from the Dominion Bureau of Statistics but it is doubtful whether all the "intended" acreage was sown to wheat. Since the season is late, part of it may have been diverted to the coarse grains. Some increases are reported, however, in the southern prairie area of all the provinces.

The early part of the 1936 season has been similar to that of 1935. Although seeding was delayed again this year, it was not interrupted so frequently by showers as in 1935. There has not been so much rainfall since April 1 as in the corresponding period of last year, but residual moisture supplies are said to be higher and spring absorption better. Recent strong winds and high temperatures caused complaints of moisture shortage in some areas, and slight damage from soil drifting was reported in each of the three provinces. Grasshoppers are hatching, but they have caused little damage. Cutworms are troublesome in southern Alberta.

The Shanghai wheat market

Flour prices dropped heavily on the Shanghai market during the week ended May 22 in anticipation of low-priced new wheat being available for June grinding, it was reported by radiogram from the Shanghai office of the Foreign Agricultural Service. If unfavorable weather prevails while the current wheat crop is maturing, however, it is expected that prices will strengthen again. Shanghai mill activity was very low. Three cargoes of foreign wheat arrived in May, which will be sufficient to supply the mills until domestic wheat is on the market and will furnish moderate stock for mixing. Little more foreign wheat is expected to arrive in Shanghai before fall.

Nominal quotations of foreign wheat at Shanghai were reported as follows, duty and landing charges included: Australian 94 cents per bushel, Canadian No. 5, 82 cents, Western White, No. 2, 95 cents. Domestic wheat for June delivery was around 66 cents per bushel. Domestic flour for June delivery was 87 cents per bag of 49 pounds, June 82 cents, August 83 cents; Australian flour, c.i.f. Hong Kong, $3.41 per barrel of 196 pounds.

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FEED GRAINS

Summary of recent information

The picking and conditioning of the new crop corn in Argentina has been difficult on account of continuous rains. Yields are fair, but the quality has been affected. The conditions for harvesting the corn crop in Australia have also been poor recently on account of too much rain, which has affected both quality and yield. A large barley surplus this year is reported as probable in Rumania. A table showing the acreage sown to barley and oats for the 1936 harvest in the countries so far reported, as compared with the acreage of the past 3 years, is shown on page 687. Current feed grain trade and price tables appear on page 686.

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COTTON

European Cotton situation continues slow improvement

The first 4 months of 1936 constituted a period of relatively favorable development in the European cotton textile situation, despite varying conditions from country to country, according to a report from L. V. Steere, Agricultural Attaché at Berlin. Mill activity in the cotton spinning as well as weaving sections in the United Kingdom, France, Germany, Belgium, Czechoslovakia, and Austria, as well as in Poland and some other minor countries, has continued on generally rather favorable levels, although weaving mills in the United Kingdom have recently shown a less favorable trend and there has been a slight recession in Austria and a considerable one in Italy. French and Belgian spinning and weaving mill occupation has shown a further rise under the influence of favorable current business, and Germany reports mill operations little changed, though largely on the basis of low quality raw material supplies.

Mill sales of cotton yarn and cotton cloth in Europe as a whole remained fairly satisfactory during April, notwithstanding unsatisfactory export sales in the United Kingdom, where the home market, however, continued to exhibit an encouraging undertone. Favorable conditions and even considerable improvement persisted in France as well as Belgium, and some betterment was also registered in Czechoslovakia and Poland. German consumer and merchant buying of cotton goods held about level with the preceding months, even though a slight tendency toward recession was still apparent. Sales booked in Austria were still of good volume, but, as a result of the recent drop in new orders from Rumania, the most important foreign customer, unfilled orders for cotton yarn have been materially, though possibly only temporarily, reduced.

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The European cotton textile industry, in a word, seems to be undergoing a slow but fundamental recovery. This improvement rests largely on expansion in domestic trade and consumer demand in nearly all instances, since the revival of exports is not an important factor except in Austria. This is particularly true in the case of England, where export business is none too good. In France, the abandonment of a deflationary course in favor of more liberal budgetary and credit policies has clearly had a favorable effect upon the textile situation. In Germany, cotton textile consumption continues fair despite a slight downward trend, and exports have been aided by the subsidy system. Generally improved economic conditions in Belgium have been at the bottom of the textile recovery there, and a certain recent betterment evident in Czechoslovakia is entirely attributable to internal factors, since the cotton export business has gone from bad to worse.

The boom conditions in the Austrian cotton industry in the past year, while greatly influenced by increased yarn exports, have also rested partly on better economic conditions at home. Throughout the Scandinavian countries also, domestic demand has been such as to make for generally very satisfactory textile consumption. There is no assurance, of course, that this rather encouraging underlying tendency will not be disturbed by unforeseen developments incident to the current uncertain political situation in Europe. But barring such a reverse, the progress of economic readjustment and revival now evident, though slow, should be of benefit to the cotton textile industry.

Raw cotton buying

European raw cotton purchases were fairly active during the month of April under the influence of the rising American market as well as of some apprehension regarding the currency position in the gold block countries and in Poland. Cotton traders in the United Kingdom attributed the April rise in the price of American cotton to the control over supplies of desirable qualities held by the United States Government. More recently there has been some evidence of hedging pressure arising from sales of loan cotton, but it is considered that the terms of sale for loan cotton this year restrict sales to high qualities of which the supply is not large. There has been a scarcity of high-grade American cotton on the Liverpool spot market, but no scarcity of low grades. Operations in Liverpool futures have been in small volume, with some speculative buying of distant deliveries on the strength of adverse crop reports.

Raw cotton imports

Practically all European countries show considerably larger raw cotton imports this season than last. The imports of cotton and cotton waste into 20 countries (Italy excluded) from August 1, 1935, to March 31, 1936, are

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estimated at about 1,543,000 short tons as compared with only 1,157,000 in the same period of 1934-35, but 1,730,000 tons in the same months in 1933-34. An exception to this trend is probable in the case of Italy, for which no statistics are available. The larger importation of raw cotton has extended to American cotton, both absolutely and relatively, and American cotton has regained, so far this season, some of the losses sustained in previous years. Deliveries of American cotton to European spinners from August 1, 1935, to May 1, 1936, amounted to 3,271,000 bales of 478 pounds net, as compared with 2,611,000 bales in the corresponding period last year, and 4,531,000 bales in the same months of 1933-34.

Raw cotton stocks

European raw cotton stocks remained very moderate in the first several months of 1936. Trade stocks in the United Kingdom are slightly below the low level of 1935, and continental port stocks are also slightly below last year when they were of moderate volume. Trade stocks of American cotton in Great Britain are somewhat above last year, though still moderate; stocks of Brazilian, Peruvian, Egyptian, and other exotic growths are below last year. In Germany, port stocks of Brazilian and other exotic cottons, as well as of American, are reduced. Le Havre and Genoa, on the other hand, have larger port supplies.

Price relationships

Spot price differentials between American Middling and competitive growths at Liverpool so far this season have been more favorable to the use of American cotton than was the case a year ago, but part of the price advantage which American cotton has enjoyed has been lost in recent months. At the beginning of January, Sao Paolo Fair was 15 points higher than American Middling, Fully Good Fair Egyptian Uppers were 113 points above, and Fully Good Indian Broach 75 points below American. On May 1, however, Sao Paolo Fair cotton was on a par with American Middling, Egyptian Uppers were only 77 points above, and Indian Broach had dropped to as much as 121 points below American Middling. It appears, therefore, that price differentials have become unfavorable for American cotton in recent weeks and months, largely as a result of the strong tendency of American.

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FRUIT, VEGETABLES, AND NUTS

United States exports of pears in the 1935-36 season large

Exports of fresh pears in the 1935-36 season, July to March, totaled 2,458,000 bushels. Since negligible quantities are exported in the last 3

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months of the season, from April to June, the total for the season will probably be in the neighborhood of 2,500,000 bushels compared with a total of slightly over 2,000,000 bushels last season. Exports during the season are the second largest on record, having been exceeded only by the 2,693,000 bushels exported in 1930-31. The exports of fresh pears from July to March were valued at $4,746,000, or $1.93 per bushel, compared with the total value of exports during the 1934-35 season of $3,882,000, or $1.93 per bushel.

Not only have exports of fresh pears been large but exports of canned and dried pears during the same 9-months' period are already larger than exports for the 1934-35 season and give indication that the exports of these products will be of record proportions. Exports of canned pears from July to March amounted to 1,507,000 cases and were valued at $5,218,000 compared with 1,434,000 cases and $5,276,000 for the whole of 1934-35. The exports of dried pears totaled 3,334 short tons in the same 9-months' period and were valued at $517,000, compared with 3,843 short tons and $431,000 in the whole of the preceding season. Of the total 1935 pear crop of 21,300,000 bushels, it appears that approximately 23.5 percent will have been exported by the end of the season in June in the form of fresh, canned, and dried pears. About 75 percent of the 2,458,000 bushels of fresh pears exported from July to March went to European countries and 25 percent to all others. The United Kingdom, as usual, took the largest proportion of the exports, or about 47.7 percent of the total. France and Canada each took about 15 percent and Sweden and the Netherlands each about 4.5 percent. The balance of the exports was widely distributed throughout the world. Outside of the countries mentioned, the best markets were Brazil, Palestine, and Egypt. As in past years, the United Kingdom has taken practically all of the exports of canned pears. Continental European countries, particularly Germany, France, Netherlands, and Sweden, take most of the exports of dried pears, with a considerable quantity going to the United Kingdom.

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LIVESTOCK, MEAT, AND WOOL

New Zealand meat shipments decline

Exports from New Zealand of all types of chilled and frozen meat were generally smaller in the first half of the 1935-36 shipping season than those of a year earlier, according to Consul General George A. Bucklin at Wellington. A decline below last year of 14.6 percent appears in shipments of lamb for the October 1-March 31, 1935-36 period. Lamb is the leading item in the New Zealand meat export trade. Exports of mutton, the second most important item, also declined 17.4 percent. In beef, in the 1935-36 period exports of frozen quarters were 43.7 percent smaller than the comparable 1934-35 figures, while the less significant exports of chilled beef were nearly 3 times larger than those of last year.

CROP AND MARKET PROSPECTS, CONT'D

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NEW ZEALAND: Exports of meat, October 1-March 31, 1934-35 and 1935-36

Destination	October 1 - March 31					
	Chilled beef	Frozen beef	Mutton	Lamb	Pork	Boneless beef
1935-36	Quarters	Quarters	Carcasses	Carcasses	Carcasses	Bags
United Kingdom.	63,229	89,969	746,597	3,677,733	339,579	78,802
New York.......	-	-	-	2	-	-
Canada	-	-	-	6	-	-
West Indies....	-	-	55	100	-	-
Colombo........	-	-	-	143	-	-
Honolulu........	-	-	-	27	6	718
Other Pacific Islands......	-	53	56	160	101	56
Calcutta.......	-	-	-	142	-	-
Hong Kong	-	20	10	600	-	-
Kobe	-	574	-	-	-	486
Yokohoma.......	-	176	50	-	6	117
Singapore......	-	-	20	320	1	-
Total 1935-36....	63,229	90,792	746,788	3,679,233	339,693	80,179
Total 1934-35....	24,602	161,250	903,665	4,311,177	317,603	112,759

New Zealand Meat Producers' Board.

Continued improvement in continental European wool situation

The month of April brought little change in the continental European wool situation, according to L. V. Steere, Agricultural Attaché at Berlin. As in the case of cotton, there has been a progressive general improvement in the industry during the past half year which has rested largely upon relatively favorable or improved conditions in the domestic purchasing power of the countries concerned. France, Belgium, Czechoslovakia, Poland, Austria, and some other countries all show considerably larger importations of wool spinning materials since last fall, as compared with a year earlier, and the industry has been more active as a result of an increasing flow of orders.

Germany, on the other hand, appears to be experiencing a growing shortage of raw wool supplies, largely because of smaller imports than last year from Argentina, the clearing facilities with which country are being drawn upon to a growing extent for foodstuff and feedstuff imports. As a result of the reduced raw material supplies, as well as because of slightly unsatisfactory developments in consumer purchasing power, the activity of German worsted and woolen spinners in January and February, 1936, was materially below a year ago, and that of weaving mills also reduced. Italy is apparently experiencing a pronounced curtailment of mill operations where not necessary to supply military requirements; worsted mills, therefore, have been at a distinct disadvantage.

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FARM AID IN FOREIGN COUNTRIES

In foreign countries, as in the United States, the collapse of farm prices accompanying the world depression added to the agricultural crisis that had been developing throughout post-war years and led to a marked increase in governmental assistance to farmers. Government aid to agriculture, however, has not been solely a product of the depression. The welfare of the farmer in most countries always has been a matter of major concern to the governments in power. The depression resulted in a demand for more direct action than had previously prevailed. Such action frequently has taken the form of direct governmental intervention in various phases of production and distribution.

In surveying the measures adopted for the relief of farmers in foreign countries, one is likely to be impressed at first by the diversity of the methods by which governments have attacked the problem. Closer study, however, reveals many features in common. For instance, practically all governments look upon agricultural relief as a national responsibility. Moreover, practically every country seems to have directed its attention primarily toward price-supporting measures. Finally, the problem of agricultural relief in most instances has been approached on a commodity basis; more often than not, through the establishment of commodity production and marketing control agencies.

Naturally, there are sharp differences of methods in the farm relief measures adopted by countries primarily on an export basis and by those primarily on an import basis. Currency depreciation appears to be the most general form of agricultural aid followed by exporting countries. There is not a single agricultural exporting country that has not depreciated its currency since the beginning of the depression. Such action in many cases has made it possible to maintain farm prices in terms of national currencies at levels very little under those prevailing in 1929. In most exporting countries, governments have also pursued policies designed to maintain prices for that part of the domestic production consumed at home at levels substantially above those prevailing on world markets. This has often involved some type of export bounty or subsidy.

In the importing countries, stress has been placed mainly on increased import restrictions. For the most part, this has been accomplished not through higher import duties but rather through forms of quantitative control, such as import quotas, government import monopolies, and mixing and milling regulations. While such import restrictions have in themselves led to an increase in production, many countries have gone further by

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Note: The purpose of this article is to present a brief description of the principal agricultural relief measures adopted in foreign countries. Emphasis is placed on developments since the beginning of the depression, but the discussion of each country gives a brief historical background. No attempt is made here to analyze specifically the results of the programs in the various countries. Such analyses are reserved for studies of individual countries now in progress, which will be released from time to time by the Foreign Agricultural Service.

FARM AID IN FOREIGN COUNTRIES, CONT'D

devising measures calculated to bring about, as nearly as possible, self-sufficiency with respect to agricultural products.

In the following brief summary of farm aids abroad, the counties are placed for convenience in four groups: (1) The British Empire; (2) Continental Europe and the Soviet Union; (3) Latin America; and (4) the Orient.

British Empire countries

The distinctive features of government aid to farmers in such British Empire countries as the United Kingdom, Canada, Australia, South Africa, and New Zealand, differ considerably. One feature which all of them have in common, however, is the system of imperial preference. The system had its roots in a preference granted by the mother country on Empire tobacco in 1919. The complete adoption of the principle by all parts of the Empire did not take place until the Ottawa Agreements were signed in 1932. Those agreements generally provided for the imposition of lower duties on Empire than on non-Empire goods and in many instances provided for free entry of goods from Empire sources. The concessions, particularly those made by the United Kingdom, actually represented a very substantial form of farm aid for producers of many products in the Dominions since it meant that they were assured of a preferential outlet in the world's greatest market for agricultural products.

A significant feature of the farm relief policy pursued in Australia and the Union of South Africa is the reliance upon export bounties or subsidies. These two British Dominions depend to a very large extent upon the British market as an outlet for their surpluses. Their broad subsidy programs undoubtedly have been made practicable in part by the fact that the British Government has taken no countervailing action against them.

United Kingdom

From the repeal of the Corn Laws in 1846 until the advent of the National Government in the autumn of 1931, there was very little direct governmental intervention in behalf of British agriculture. In fact, agriculture was to a large extent left to shift for itself, while the policy of the British Government was to permit a free movement of imports of agricultural products into the country to be used principally as payment for the exports of manufactured goods.

In 1931, however, the Government reversed its historic policy with respect to agriculture and began to formulate a comprehensive farm relief program. The principal reason for the change in attitude was the collapse of world prices of agricultural products in 1929-30 followed by the expansion of import restrictions in other agricultural deficit countries. This led to still greater pressure of excess supplies from surplus countries on the British market and forced the British Government to take action.

FARM AID IN FOREIGN COUNTRIES, CONT'D

The aim of the new agricultural policy of the British Government is to provide for the expansion of British agriculture on a basis that will not jeopardize the interests of consumers. In working toward that objective, special attention has been given to controlling the volume of food imports in relation to changes in supply from domestic agriculture. The British Dominions have been given a preferential place in the British market and such reductions as have been effected in imports since 1931 have been largely at the expense of non-Empire countries.

The development of the agricultural policy of the United Kingdom since 1931 may be traced roughly along three lines: First, the enactment of a protective tariff and the conclusion of the Ottawa Agreements; second, the control of domestic marketing under the authority of the British Agricultural Marketing Act; and, finally, special subsidy schemes affecting individual agricultural products.

The drift toward protectionism in the United Kingdom started during the World War, but it was not until November 1931, with the adoption of the "Abnormal Importation Act", that an important step away from free trade was actually taken. Since that time there have been a number of changes in the British tariff system, all of them in the direction of increased protection.

At the present time there are very few important agricultural products upon which duties are not assessed, although in general the level of duties is still substantially below that of other deficit agricultural countries. A significant feature of the tariff situation in the United Kingdom is found in the preferential rates granted to Empire countries. On practically all commodities Empire countries, as a result of the Ottawa Agreements of 1932, enjoy a lower rate than foreign countries and in most instances enjoy free entry into the British market.

The British Agricultural Marketing Act, adopted in 1931 and amended in 1933, is the central feature of Britain's new policy toward agriculture. Practically all other measures in behalf of agriculture since 1931 have been supplementary to that act. The act itself is an enabling measure authorizing either the farmers themselves or so-called Reorganization Commissions established by the Government to draw up comprehensive schemes for regulating the marketing and controlling the supply and prices of specified farm products. When approved by Parliament, the schemes are administered by boards elected by the producers themselves. Such schemes are now in operation for hops, fluid milk, pigs, bacon, and potatoes.

Broadly speaking, the British Agricultural Marketing Act provides that a majority of producers of any primary or secondary agricultural commodity may force a recalcitrant minority into a compulsory scheme for controlling the marketing and price of a particular product. It also gives the national Government authority to impose quantitative restrictions on imports and, in cases where such import restrictions are imposed, to fix the quantity of the home-grown product that may be sold in domestic markets.

FARM AID IN FOREIGN COUNTRIES, CONT'D

The principle of quantitative restriction of agricultural imports provided for in the Agricultural Marketing Act has become an essential part of the plan to rehabilitate British agriculture. By such restrictions the British producer is guaranteed that the proportion of the home market which he can supply at a reasonable price will be reserved for him. Among the important commodities against which quantitative restrictions are now being imposed are bacon and hams, frozen lamb and mutton, frozen and chilled beef, frozen pork, fat cattle, processed milk, eggs, and potatoes.

In certain cases, reorganization schemes under the terms of the Agricultural Marketing Act have not yet been put into operation. Relief to domestic producers in these instances is being afforded by the payment of subsidies.

The first subsidy granted to an agricultural industry in the United Kingdom antedated the recent change in British agricultural policy. In 1925 the Government authorized a subsidy on beet sugar for a 10-year period, subsequently extended so that it is still in force. This subsidy, payable to the sugar-beet factories at fixed rates per hundredweight of white sugar produced, was conditioned upon their guarantee of a minimum price to farmers for their beets. The maximum acreage of sugar beets for which the factories may contract is limited to an area sufficient to produce no more than 560,000 long tons of white sugar.

A subsidy to wheat growers was instituted by the Wheat Act of May 12, 1932. This act is designed to assure that a definite proportion of the flour used in the United Kingdom will be made from home-grown wheat for which growers will receive a guaranteed price of 10 shillings per hundredweight, or approximately $1.32 per bushel at current exchange. The subsidy plan, in effect, assures British producers a profitable market at a guaranteed price for a definite quota of wheat of millable quality without substantially affecting the price of some four-fifths of the nation's total wheat requirements. The act limits the guaranteed price to a quantity of wheat not exceeding, roughly, 50,000,000 bushels. On that quantity the difference between the actual price received by the farmers and the guaranteed price is made up by levies on all flour delivered for consumption in the United Kingdom from either domestic or imported sources.

A milk subsidy arrangement was inaugurated in July 1934 to be effective for a 2-year period. This subsidy was put into operation after attempts to raise milk prices by controlling the market for milk in the United Kingdom under the Milk Marketing Scheme (adopted in accordance with the terms of the British Agricultural Marketing Act) were obstructed by reasons of the summer surplus of milk over the demands of the liquid milk market. This surplus had to be disposed of to manufacturers of cheese, butter, and condensed milk at a loss. The steady decline in the price of imported butter, cheese, and other manufactured dairy products, the prices

FARM AID IN FOREIGN COUNTRIES, CONT'D

of which control the price of milk sold for manufacture in the United Kingdom, further aggravated the situation. Moreover, under the Ottawa Agreements, there could be no restrictions on imports of these products from the Dominions, which supplied the bulk of the imports. Under those circumstances, the Government agreed to make so-called "repayable advances" from public funds sufficient to guarantee milk producers a standard price of 5 pence (about 10 cents) a gallon on all milk sold for manufacture from April to September and of 6 pence (about 12 cents) a gallon for such milk sold from October to March.

Finally, reference may be made to the cattle and beef subsidy, which became effective in September 1934. This subsidy was introduced as an emergency measure designed to give temporary assistance to the cattle industry until a permanent policy could be developed. As a permanent policy for the protection of the cattle industry, the British Government appears to favor an outright levy on meat imports combined with quantitative regulation of supply. Under such a program the funds provided from the meat import levy would be used in making such payments to producers as might be justified by the current market situation. The adoption of that particular policy has been hindered, however, by the provision of the Ottawa Agreements and by the terms of a trade agreement with Argentina. Under the "Cattle Industry (Emergency Provision) Act" of 1934, provision, therefore, was made for an appropriation of the equivalent of approximately $15,000,000 from the British Treasury to be used by the Minister of Agriculture in paying producers a subsidy of not to exceed 5 shillings per hundredweight (about $1.10 per 100 pounds at current exchange) on live cattle, and of not to exceed 9 shillings 4 pence ($2.06 per 100 pounds) on carcasses of such animals when sold in the United Kingdom. It is proposed that the sum thus being advanced by the British Treasury be recovered from the proceeds of any levy which may eventually be collected on imported meat and livestock.

Canada

As a debtor country dependent upon agricultural exports, Canada has long pursued a policy of governmental encouragement of increased agricultural production. This has been done chiefly through Government assistance in the development of transportation facilities, liberal land settlement policies, and agricultural extension and experiment work by both State and Federal authorities.

It was not until post-war years, after the marked expansion of Canadian agricultural production, particularly of wheat, resulting largely from European war-time demands, that the attention of the Canadian Government was turned toward more direct intervention in behalf of agriculture.

The first positive move in this direction dates back to 1930 when the Dominion Government agreed to assume the financial responsibility of the Wheat Pool during the 1930-31 season and appointed a general manager

FARM AID IN FOREIGN COUNTRIES, CONT'D

of a central selling agency for the pools. Prior to that time, wheat pools had been operated on a voluntary, non-governmental basis in the three Prairie Provinces. Under the pool system, a farmer delivered his grain, received an initial payment, and the balance of the payment was received after the disposal of the entire crop and determination of the average price for the season.

The difficulties confronting the voluntary wheat pools after the collapse of the world price of wheat in 1929-30 greatly intensified the demand in Canada for Government aid in the marketing of wheat. In the Prairie Provinces strong sentiment for compulsory pooling developed. In response to this demand, the Province of Saskatchewan passed two companion measures, an enabling Grain Market Act and a referendum act designed to set up compulsory pooling through a central agency. It was at about this time, however, that the Supreme Court of Canada declared that the Produce Marketing Act of British Columbia exceeded the authority of the legislature of that Province and for this reason the Saskatchewan legislature requested an opinion from the Provincial Court of Appeals as to its jurisdictional competence to enact the proposed legislation on wheat. The court held that, in so far as the act contemplated control of inter-provincial and foreign trade in grain, the proposed legislation was an encroachment upon the powers of the Federal Government. In view of this decision, the proposed wheat-marketing legislation in Saskatchewan, as well as in Manitoba and Alberta, was abandoned.

The abandonment of these provincial attempts to set up legislative machinery to market wheat went far toward crystallizing sentiment toward national marketing control and eventually led to the passage of the Canadian Natural Products Marketing Act of 1934 and the Canadian Grain Board Act of 1935.

The Natural Products Marketing Act became effective in July 1934. The act provides for control by Provincial or Federal authority of intra-provincial, inter-provincial, or export marketing of any product of the agricultural, forestry, or fisheries industries produced in Canada. With respect to intra-provincial marketing, application of the regulative and control features of the basic law is possible only under permissive legislation adopted by the Provincial legislatures. For inter-provincial or export marketing, however, the terms of the act may be invoked by producers and dealers under the authority of a Provincial statute or they may be imposed by the Federal authority irrespective of the existence or non-existence of a Provincial statute. The central administrative authority under the act remains at least nominally with the Dominion Marketing Board. The actual administration, however, is in the hands of Provincial commodity boards, the majority of which are elected in most instances by the producers affected.

FARM AID IN FOREIGN COUNTRIES, CONT'D

When all requirements have been complied with to determine that the marketing of a specified commodity warrants control, the board set up for the administration of the scheme may regulate the time and place at which, and designate the agency through which, the regulated product may be marketed. Moreover, it may decree the manner of distribution, the quantity and quality, grade or class, of the product that shall be marketed by any person or at any time, or it may prohibit the marketing of any or all of the product involved. The board may also compel each person engaged in the production or marketing of a regulated product to register and to obtain a license, and it may prosecute those who violate any provision of the schemes. The license is subject to cancellation for violation of any provision of the act or any regulation made under it.

Numerous commodities are now being regulated by the Marketing Boards: some, as in the case of tree fruits, covering the country as a whole; and others, as in the case of eastern Canadian potatoes, covering a producing region; and still others, as in the case of Ontario flue-cured tobacco, covering a single province. Other products whose marketing is being controlled under the terms of the Natural Products Marketing Act are fresh milk, dry beans, jams, jellies, and marmalades, fresh vegetables, halibut, dry salt herring and salmon, and red cedar shingles.

In addition to the very comprehensive Natural Products Marketing Act, a separate act called the Canadian Grain Board Act was passed by the Dominion Parliament in July 1935. Under this act the Canadian Wheat Board of national scope was established. Subject to approval and proclamation by the Federal Government, the board has the following powers: (1) to buy wheat from producers at fixed minimum prices; (2) to sell wheat in the export market as advantageously as possible; (3) to assume ownership of all stocks of domestic wheat in Canada on the effective date of the act; and, finally (4), to control grain elevators and to regulate their relations with transport agencies. While the Grain Board Act is applicable also to grain other than wheat, no steps have been taken as yet to establish control over the marketing of other grain.

For the 1935-36 season, the guaranteed basic price established by the board was 87.5 cents per bushel on No. 1 Northern. Producers are not compelled to sell to the Wheat Board at the guaranteed minimum price. If they do sell to the board, they are assured of at least this minimum price for their grain. If the board finds it possible over the entire season to sell the wheat at a price averaging more than the fixed price, the producers are entitled to a pro-rata share in such excess. No special provision is made for covering any losses resulting from the board's having to sell the wheat at an average less than the fixed price. The assumption is that such losses would be a direct charge on the national treasury. The board is empowered to use all the usual marketing channels in its operations. If such channels prove unsatisfactory, it may establish its own marketing facilities.

FARM AID IN FOREIGN COUNTRIES, CONT'D

It should be noted that the recent measures looking toward agricultural relief in Canada are entirely in the field of marketing control. The theory behind this policy evidently is that the problems that have arisen with respect to low prices and accumulated surpluses may be solved through an improvement and centralization of marketing. The legislation does not contemplate any direct production control although in providing for arbitrary limitation on the amounts of products that may be marketed under the terms of the Natural Products Marketing Act strong and effective pressure may be exerted on producers to curtail production.

Australia

Direct intervention in behalf of agriculture has been a historic policy of the Australian Government. As a country dependent upon agricultural exports, this intervention has been largely related to measures designed to facilitate exports and expand foreign outlets.

Before the World War, the principal object of Government assistance to agriculture in Australia was the encouragement of cooperative action on the part of farmers in production and marketing. After the war, and especially since the depression, the ramifications of Government activity in the field of agriculture increased materially.

This increased activity has taken the form mainly of direct participation in or support of schemes involving the payment of subsidies or bounties designed to promote expansion in agricultural exports and improvement in returns received by producers. Except for two commodities, rice and sugar, the production of which approximately equals the demands of the Australian market, there have been no governmental schemes aimed at restriction in production.

The division of constitutional authority between the Federal and State Governments in Australia has resulted in considerable confusion in the application of aid to agriculture in that country. Broadly speaking, the Federal Government is in a position to provide aid chiefly in the form of tariff protection for crops not on an export basis. The several States, on the other hand, are charged with the administration of policies affecting the general expansion of agriculture and other industries within their respective borders. Consequently, Federal action other than that dealing with import limitations is constantly in danger of conflicting with State action designed to broaden and stimulate the exploitation of State resources. It is for this reason that the Australian farm relief program presents a curious mixture of State and Federal assistance.

The outstanding forms of Government aid to agriculture in Australia have been first, compulsory or voluntary marketing pools; second, the payment of bounties to encourage domestic production; third, direct governmental export bounties and assistance in the form of Government grants and

FARM AID IN FOREIGN COUNTRIES, CONT'D

other aids to finance the activities of export control agencies; and, fourth, high import restrictions. In addition to these, it may be noted that Australia, early in the depression, decided upon a policy of currency depreciation, partly as an agricultural relief measure.

The States of Queensland and New South Wales have been the leaders in the compulsory pooling of agricultural products, notably wheat. Legislation along this line was passed in Queensland in 1923 and in New South Wales in 1927. Compulsory pooling in these States is based on the principle that if a sufficiently large percentage of growers within the State so desires, the State will compel all growers of the commodity in question to participate in a common marketing scheme. In other Australian States such pools are voluntary.

Whether compulsory or voluntary, the Federal Government has provided a certain amount of financial assistance, and has otherwise supported such activities. In certain cases, as with dried and canned fruit, the Federal Government has actually taken the lead, establishing compulsory marketing pools under Federal control.

Probably the most direct method thus far adopted by Government authorities for maintaining prices of agricultural products in Australia has been through payment of direct production bounties on particular crops. As in the case of pooling activities, these bounties are paid by both the State and Federal Governments. The usual procedure, is for the Government or some designated private agency to buy the bulk of the farmers' output, either paying a fixed price or guaranteeing a minimum price to the producer.

The so-called Paterson Plan for the marketing of butter furnishes an interesting example of Government aid in Australia. This plan was inaugurated in 1925. It provides, first of all, for a national price for butter at a level above world parity. But Australia produces more butter than is needed for domestic consumption. Consequently, a small levy is made on the total butter production of the country. This levy goes into a central fund, out of which a bounty is paid to exporters of butter.

The operations of the Paterson Plan are in practice handled through private rather than governmental agencies. In fact, its original sponsorship was private rather than official. Nevertheless, the plan could not be operated unless it had the support of both Federal and State Governments. For one thing, it is necessary under the plan to impose severe restrictions on imports of butter since otherwise the high price level within the country would attract imports and break down the scheme. It has been necessary also to avoid setting the export bounty so high as to stimulate an excessive volume of production.

FARM AID IN FOREIGN COUNTRIES, CONT'D

In addition to the subsidy scheme applicable to butter, bounty schemes of one kind or another are applicable to wheat, sugar, tobacco, and a number of other products. Fundamentally, all of them involve (1) maintenance of prices for the amount of production consumed in the domestic market substantially above world levels; (2) the payment of special subsidies on exports; and (3) the protection of the domestic market, with its higher price level, by means of severe restrictions on imports.

The only important Australian agricultural product concerning which there is not or has not been some form of direct Government aid is wool. This product, by all odds the most important export commodity in Australia, and for the production of which Australia has great advantages, has been left very largely to shift for itself on world markets.

South Africa

The policy of the South African Government toward agriculture in the years since the World War has been featured by a program of direct subsidies on agricultural exports bolstered by increased import duties on all agricultural products competitive with those produced in the Union.

The objective of the Union's agricultural policy has been to assure farmers higher prices for that part of their production sold in the domestic market than could be obtained for the portion which had to be disposed of abroad. This objective is being realized mainly by the establishment of commodity control boards to reorganize and regulate domestic marketing, by the application of compulsory export quotas so as to prevent an accumulation of surpluses, and by the payment of subsidies on exports out of funds provided by the industries themselves and by the Union Government.

While export subsidies played some part in the agricultural policy of the Union of South Africa prior to the depression, the principal development in this direction occurred immediately after the United Kingdom, which absorbs a very large part of the export surpluses of South Africa, went off the gold standard in September 1931. South Africa at that time chose a broad program of export subsidies in lieu of depreciating its currency in line with the British pound.

In November 1931, the Government of South Africa authorized the payment of export subsidies on a long list of products including practically every agricultural commodity produced in the Union. This action was considered as an emergency measure calculated to meet the abnormal situation created by the world depression and by the depreciation of the British pound. Although South Africa abandoned the gold standard at the end of 1932, the payment of governmental subsidies on agricultural exports has been continued in somewhat modified form.

FARM AID IN FOREIGN COUNTRIES, CONT'D

In addition to its broad program of export subsidies, the Union Government has from time to time enacted specific legislation affecting individual commodities. For example, in 1930 the Dairy Industries Control Act was passed, establishing a board with power to regulate and control the dairy industry, to grant loans to producers, to promote the consumption and exportation of dairy products, to fix compulsory export quotas for butter and cheese, to stabilize prices, to prohibit the importation and exportation of butter and cheese except under license, and to pay an export subsidy on dairy products out of funds secured by a levy on all butter, butter substitutes, and cheese imported into or manufactured in South Africa. Such export subsidy is in addition to that paid under the Export Subsidies Act of November 30, 1931. Legislation somewhat similar to that contained in the Dairy Industries Control Act has also been passed in relation to deciduous fruit, tobacco, livestock, and corn.

Wheat is one of the few staple agricultural products concerning which the Union of South Africa is on an import basis. In aid to wheat producers, the South African Government in March 1930 passed the Wheat Importation Restriction Act giving the Government authority to regulate and even to prohibit the importation into the Union of any class of wheat or wheat flour. The purpose of the act is to guarantee that wheat grown in the Union will find a domestic market at prices substantially above the world market level.

New Zealand

New Zealand is mainly an agricultural country, specializing in livestock and livestock products. The leading exports are butter, mutton and lamb, wool, fruit, cheese, and hides and skin. The greater part of the total production of these items is exported, mostly to the United Kingdom. In common with other British Empire countries, New Zealand enjoys important advantages of preferential treatment in the British market. Pending legislation, which appears certain of approval, seeks to place the marketing and the price of butter, cheese, pork, veal and calves, entering either the domestic or the export market, under close official control.

The principal form of Government aid to agriculture in New Zealand at present in force is that exercised by various export-control boards. These boards cover meat, dairy products, fruit, and honey. They are operated privately by the producers, but in very close cooperation with the Government, and partly through its financial support. The Government retains some control over the policies of the boards, especially in the case of meat, but the legislation creating the boards vested most of the control in the hands of the producers. All of the boards are financed by a levy on the exported product.

FARM AID IN FOREIGN COUNTRIES, CONT'D

The oldest of these control organizations is the New Zealand Meat Producers' Board set up by the Meat Export Control Act of 1922. This Act gives the board exclusive control over export meat, all of which must pass through its hands. There is no control of prices other than that exerted by controlling the volume of meat exported. The Government retains control over the maximum levies chargeable on export meat, and it may be called upon also to enforce decisions made by the board.

The Dairy Export Control Board set up in 1923 was designed to function along lines similar to those of the meat board. Like that board, it has been allowed to regulate the volume of the controlled products that may be exported. It was also authorized for a time to fix prices. More recently, however, the board has been functioning largely as a grading and shipping agency, but control over the volume of exports is retained.

The Fruit Export Control Board, established in 1924, functions along lines similar to those of the two boards described. The Fruit Board's control, however, has the important difference of applying only to the exports from those provinces wherein 70 percent of the growers have voted approval. The board has been particularly active in connection with apples, and all but one producing district has come under its control. The Fruit Board also guarantees a minimum price for apples, the funds being secured from the levy on exports.

Continental Europe and the Soviet Union

From an agricultural policy standpoint, most of the countries of continental Europe fall under one of four groups. The first and most important of these includes the agricultural deficit countries illustrated by the accompanying paragraphs on Germany, France, and Italy.

Another group consists of the Netherlands and the Scandinavian countries, which, although importers of some agricultural products such as grain, have developed highly specialized livestock industries dependent upon foreign outlets for the major part of their production. A significant feature of the agricultural policy of the nations in this group has been curtailment of production to conform with reduced outlets in the British market. A discussion of the policies of the Netherlands, Sweden, and Denmark is included herein as typical of this group.

A third important group is composed of the four Danube Basin countries, which are primarily surplus producers of grain. The policies of these countries, therefore, have been directed mainly toward the problem of supporting domestic prices and maintaining export outlets for grain. The situation in Hungary may be considered fairly typical of this group.

Falling somewhat outside any of the above groups are Poland and Spain, which are not only substantial exporters of certain agricultural products, but are also large importers of other products which they either

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do not produce at all or produce in relatively small quantities in relation to domestic requirements. The agricultural policy of the Soviet Union, one of the great agricultural surplus regions of the world, is also considered in this section.

Germany

The change from a creditor nation before the war to a debtor nation after the war furnishes the principal clue to the shift in German agricultural policy in recent years. As a creditor country and a leading exporter of industrial goods before the war, Germany pursued a policy of fairly moderate tariffs on most competitive agricultural products and in other respects confined its direct intervention in agricultural affairs chiefly to the solution of the export problem for rye. The effect of this policy was to favor the producers of wheat and rye, located largely in the east, to the disadvantage of producers of livestock and other products in other parts of the country.

Coming out of the war as a debtor country, Germany, faced with shrunken markets for industrial goods, was able to continue to import large quantities of agricultural products only because of loans from foreign countries, especially the United States. These loans ceased with the beginning of the depression, and Germany was thrown back upon the necessity either of financing essential imports of agricultural products through current exports of goods and services or of paying for such imports out of dwindling stocks of gold.

During the pre-depression period, German agriculture had been recovering from the effects of the war and was producing an increasing percentage of some of the required agricultural products, particularly wheat. There was a marked increase in the protection given various branches of German agriculture, at first in the form of increased duties and, late in 1929, in the form of compulsory requirements with respect to the mixing of domestic wheat with imported wheat. A number of other post-war governmental measures were also passed during the pre-depression period providing partial assistance to agriculture along the lines of reduction of interest rates, debt moratoria, and the parcellation of large estates for colonization purposes. There was some attempt at regulation of production, notably in the field of alcohol and sugar, and as early as 1930 the imports of corn were placed under a Government monopoly.

There was an abrupt change in the agricultural policy of Germany in 1933 with the advent of the National Socialist Government. The policy of the new Government may be characterized as one of extreme nationalism to be accomplished through widespread governmental control. As originally contemplated, the goal to be sought was complete agricultural self-sufficiency for Germany. In addition, the Government sought to assure a strongly entrenched peasantry as a means of establishing internal stability. In that

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connection, the Government has pursued numerous courses directed toward the stabilization of farming in Germany. In other words, the present policy is one which definitely favors the small producer.

In order to accomplish these aims, the National Government has established a number of organizations for controlling the production of, and trade in, agricultural products. Probably the outstanding of these organizations is the Reichsnährstand, or the so-called "National Food Corporation." It is largely through this agency that the broad powers (mentioned later) conferred upon the Minister of Agriculture are being exercised. The Reichsnährstand includes as members all producers, workers, processors, and handlers having to do with agricultural products. The Minister of Agriculture may authorize the Reichsnährstand "to regulate the production, sale, prices, and price spreads of agricultural products if such control is deemed necessary to the general welfare."

Under the general objective indicated above, numerous control offices or monopolies have been established by the German Government. For instance, there are at present four offices or monopolies under the direction of the Minister of Agriculture established for the purpose of controlling both domestic and foreign trade in grains and related products, livestock and livestock products, dairy products, fats and oils, and eggs. In addition to these 4 offices, which are responsible jointly to the Minister of Agriculture and the Minister of Economics, there are at present some 20 additional agencies which are vested with the control of imports of particular products or groups of products.

With respect to domestic trade alone, there have been established economic unions of processors and handlers of specified agricultural products. These organizations, membership in which is compulsory, operate under the direction of the Minister of Agriculture and determine what amounts of particular products shall be processed.

In actual operation, the importer of an agricultural product in Germany must offer the amount of the product he proposes to import for sale to the appropriate monopoly or control office. If it is deemed desirable, the control authorities will then purchase the shipment and resell it to the importer at a higher price, the difference representing a monopoly fee over and above the regular import duty. In theory, the fees are assessed in such a manner as to regulate imports as to volume, time of entry, and sale value, and in such a way that they will supplement rather than compete with domestic supplies of the same or similar products.

Back of the operations of the individual control offices there is the fundamental control over imports exercised through the allocation of foreign exchange by the Minister of Economics. With the shortage of foreign exchange now existing in Germany, such allotments are based on a decision as to whether or not the particular product to be imported is

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absolutely essential to the welfare of the country. Because of the shortage of foreign exchange, a large part of Germany's foreign trade in recent months has been conducted on a barter basis. The import control offices must approve all barter and compensation agreements before they are passed on to the Minister of Economics for final approval.

Up to the present time, control over domestic production of agricultural products has been exercised through the manipulation of fixed prices and the payment of subsidies. One of the major policies of the Reichsnährstand is the reorganization or rationalization of agricultural production in Germany. Farmers are encouraged to produce those products the imports of which constitute a large percentage of the German consumption. This encouragement frequently takes the form of direct subsidies, as in the case, for instance, of oil-bearing plants and wool. In other cases, large credits have been granted by the Government for the purchase of seeds, equipment, and fertilizer in order to promote the production of particular agricultural products. On the other hand, the production of some products has been discouraged, in the case of rye, for example, by establishing fixed prices for rye and wheat which favor the production of the latter.

Market and price control of agricultural products is administered by the Minister of Agriculture, principally through the monopoly offices and the economic unions of processors. The monopoly offices have established fixed prices to producers and have also determined the margin of profit for handlers and processors. Not only have fixed prices been established but, as previously indicated, the quantity of products to be processed is controlled by the Minister of Agriculture. Flour millers, for example, are given annual quotas and are required to process a certain percentage of this quota each month. They are also compelled to maintain at all times a specified supply of wheat and rye.

In addition to the control of current production and marketing of agricultural products, the basic land reform movement, which was part of the program of earlier governments, has been intensified under the Reichsnährstand. This reform provides for the parcellation of large estates, which lie principally in the eastern part of Germany, and also for the reclamation of waste lands. Large sums of money have been granted by the Government for these purposes, and thousands of self-sustaining farms have been established.

Of particular interest in connection with the long-time land policy is the new inheritance law which prevents the mortgaging, division, or sale of any farm without the consent of the National Government. An incompetent farmer may be removed and his farm given to the nearest male relative. The new law provides for uniform national practices in the field of land inheritance, formerly considered a prerogative of the

individual States. As a part of the general land program, the Government has in many cases arbitrarily reduced interest rates and, where mortgages have proven burdensome, has brought about reductions in the amount of the principal.

France

France is an important producer of agricultural products. Home production in many instances, however, is not large enough to supply domestic requirements so that the nation is also an importer of farm products. While France exports a considerable number of agricultural products, such exports consist chiefly of specialties sold on a distinctive quality basis.

Historically, the twofold aim of French agricultural policy has been to maintain as far as possible a self-sufficient agriculture and to preserve a strong and contented peasantry on the land. With the increasing development of industrialization in France, the efforts of the Government had to be directed in a special manner toward maintaining a balance between agriculture and industry. Governmental action designed to preserve the position of agriculture in the national economy took the form mainly of tariff protection so as to maintain the home market to the fullest possible extent for the French farmer.

Other Government measures prior to the depression were directed largely toward the improvement of the economic and social condition of the French farmer by means of extension work through experiment stations, agricultural education, rural electrification, and especially the fostering and subsidization of agricultural credit and cooperative associations.

Unprecedentedly low prices for farm products accompanying the world depression forced the French Government to adopt a policy of direct intervention in behalf of its agrarian population. Governmental measures adopted in recent years for the relief of farmers may be grouped under the following headings: (1) more rigid import restrictions, largely of a quantitative character; (2) special price-supporting measures applicable to individual commodities; and (3) miscellaneous measures designed primarily to reduce farm costs.

In July 1931, the French Government decided upon a policy of limiting the volume of imports of agricultural products to the quantities by which current domestic production fell short of meeting national requirements. Since the aim was to maintain domestic prices and since import duties were fixed in existing treaties, the most practical procedure appeared to be the adoption of the quota principle for regulating imports.

At first the system of import quotas was applied under the authority of a general law of 1897 giving the Cabinet power to protect products of

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the soil by any means that it chose and without consulting Parliament. Control of imports by quotas was greatly strengthened by the adoption in November 1931 of a general system of licensing individual importers. At the present time, almost all imports of agricultural products into France are subject to regulation by import quotas and licenses. There appears to be a tendency, however, away from the quota system, because of its administrative difficulty, toward a system of higher tariffs on imports of farm products.

Finding eventually that its concentration on the regulation of agricultural imports was inadequate to deal with the problems confronting French agriculture, the Government turned to special and more direct forms of relief. The outstanding example of this specialized Government aid is found in the case of wheat. Numerous other agricultural industries were also benefited by special price-supporting measures, although none of them in as comprehensive a form as in the case of wheat. Among the other products that have thus been affected are wine, flax, hemp, hops, olives, and tobacco.

The adoption of special measures for the relief of wheat growers was made necessary by a succession of favorable wheat harvests in 1932, 1933, and 1934, due to favorable weather conditions rather than acreage expansion. These resulted in the accumulation of exceptionally heavy surpluses of wheat above the requirements of the domestic market. In an effort to solve the surplus problem, the French Parliament passed a number of special wheat laws of an enabling character, under which innumerable special decrees have been issued. Included among the measures taken are compulsory low flour extraction rates applicable to the French milling industry; fixing of minimum prices below which wheat could neither be sold by the farmers nor bought by the millers; governmental purchase and storage of wheat; the subsidization of wheat exports and the subsidization of denatured wheat for use as feed. The funds to finance the wheat program are obtained through the imposition of a processing tax on millers, a production tax on wheat farmers, direct appropriations by Parliament, and special Government loans.

In addition to these special measures for the relief of the wheat grower, the French Government in the fall of 1935 issued a decree providing for the confiscation by the Government, without compensation to producers, of any future wheat surpluses that might arise. Apparently the objective is to exert pressure on the French producers to curtail, or at any rate not to expand, their wheat acreage.

In addition to its general program of import restrictions and special commodity price-supporting measures, the French Government has adopted a number of measures designed primarily to reduce farm costs. For instance, in 1935 prices to farmers of both domestic and imported

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fertilizers were reduced 10 percent by the Government. Such price reductions were made compulsory on importers of nitrate of soda and on French manufacturers of synthetic nitrogen. Moreover, land leases and interest rates on farm mortgages were reduced 10 percent by the Government in 1935. The Government-subsidized agricultural credit banks were also ordered to facilitate loans to farmers at low rates of interest.

Italy

Although about 50 percent of the Italian population is engaged in agriculture, Italy historically has been an agricultural deficit country. Although an important exporter of certain specialty products, such as fruits, nuts, and vegetables, it has been dependent in greater or less degree upon imports for such agricultural staples as cotton, wool, wheat, corn, sugar, and meats. Prior to the advent of the Fascist Government, the Italian agricultural policy was largely one of protecting domestic agriculture by import duties. Under the Fascist regime, however, the policy has been more nearly akin to that of Russia in respect to the extent of the control of the National Government over agriculture.

The primary objective of the Fascist agricultural program is the expansion of agriculture with a view to the attainment of national self-sufficiency. It has sought to achieve this objective largely through an intensification, especially since the depression, of the historic policy of restricting imports and, also, by increasing production through land reclamation and the stimulation of agricultural productivity.

With respect to import restrictions, it will be sufficient to point out that the Italian Government departed from the usual method of import duties in 1931 by establishing compulsory milling percentages for domestic wheat. These percentages have ranged from 50 to as high as 100 percent, thus at times prohibiting Italian millers from using imported wheat except under very special circumstances.

Also since 1931, long strides have been taken in the direction of quantitative regulation of imports of agricultural products. Import quotas have been established covering practically all important agricultural commodities. As time went on, the volume of products permitted entry under quotas was greatly reduced. The policy of import control culminated in March 1935 with an outright prohibition of all imports of agricultural products into Italy except when obtained on a barter basis. In the same year, with the establishment of the National Exchange Institute, both imports and exports of agricultural products came under the direct control of the Italian Government. This control has been made effective through a complete regulation of foreign exchange and all financial transactions with foreign countries.

FARM AID IN FOREIGN COUNTRIES, CONT'D

In connection with its general agricultural program, the Italian Government has been active in the granting of special export subsidies on exports of agricultural products produced in surplus quantities, such as silk and rice.

Fundamentally, the Italian agricultural policy is one of expanding production. Of a more positive nature than the mere restriction of imports have been such measures as Government-subsidized land reclamation projects and special efforts looking toward increased agricultural productivity. In the case of land reclamation projects, for instance, the financial program of the law of December 24, 1928, assured these schemes a total of more than $500,000,000 for a period of 14 years, of which the Government's share was about two-thirds. The reclamation projects are to cover an area of over 9,000,000 acres, or about 13 percent of the total area now under cultivation and in forests in Italy.

The program for increasing agricultural productivity is perhaps best exemplified by the famous "Battle of the Wheat." Among the measures adopted for the stimulation of wheat production are donations of early-ripening wheat varieties and cash and other prizes to producers who make outstanding progress in increasing wheat yields. Through these and similar measures, Italy has become largely self-sufficient with respect to wheat, apparently due more to increased yields per acre than to expansion of acreage.

But the struggle for increased productivity has not been confined to inducements in the form of seed donations and prizes. Every landowner in Italy has been ordered by the Government to study his farm and work out plans to make it more productive. These plans are then submitted to a commission of Government technical experts. If the plans are approved, they must be adopted at once. There have been numerous cases of expropriation of land from inefficient landowners.

Many other miscellaneous farm-relief measures have been adopted by the Government since the advent of the depression, among which may be mentioned the liberalization of credit by Government-subsidized institutions and the compulsory lowering of interest rates on farm loans. Special measures have been adopted as a result of the imposition of economic sanctions against Italy by the League of Nations. Among these measures are the fixing by the Italian Government of prices and quantities of agricultural products to be exported to non-sanctionist countries, the adoption of meatless days, and the commandeering of the nation's wheat crop.

Sweden

Under pre-depression conditions, Swedish agriculture received little or no protection. Since 1930, however, the policy of protection has been applied to a point where the country now approaches self-sufficiency in

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wheat and sugar. A considerable degree of protection has also been afforded to fruits and livestock products, particularly fats.

Perhaps the outstanding governmental farm aid measure in Sweden is that relating to wheat. Since 1930 fixed percentages of domestic bread grains and flour must be mixed with similar imported products before the imported product can be ground or the flour used. For wheat and wheat flour the law has required up to 100 percent of the domestic product in milling mixtures, as in 1934. Recently the figure has been around 80 percent. Current mixing requirements with respect to rye and rye flour are the same as for wheat.

A system of minimum prices for wheat and rye also has been in effect since 1930. The Swedish Government has given the Association of Swedish Millers a virtual monopoly of grain imports, under the limitations of the mixing regulations, and the millers in turn are committed to buy at a predetermined price all domestic millable wheat on hand after June 1 each year. Expenses and losses incurred by the Swedish Millers Federation are met by a tax on members to whom import permits have been issued. Under this program Sweden has greatly expanded its wheat production.

Sweden has also made use of export certificates for wheat and rye. These certificates are made negotiable for payment of import duties. The export certificate system, inaugurated in August 1931, still is nominally in force but has in effect been superseded by the other Government measures relating to wheat and rye.

Another farm relief measure in Sweden is that relating to milk. Since November 1933 a Government milk board has exercised an import monopoly over all imports of dairy products. This function is performed in connection with a milk tax measure of September 1932. The milk tax is applied to all domestic sales of milk to provide a fund for raising the price of milk for manufacture closer to the market price of fluid milk. The larger part of the tax money is used to purchase butter for export and to absorb any losses from export sales.

Denmark

The Danish Government has followed a policy of official encouragement to agriculture for the past 70 years. Prior to the World War, and in fact to a large extent up until the world depression, this encouragement took the form chiefly of fostering the cooperative movement among farmers. Denmark is essentially an agricultural exporting country, the principal products entering in export being bacon, butter, and eggs. Until the depression, Denmark followed a policy of free trade with respect to imports, which were regarded as necessary to provide cheap feeds for the production of its export products.

FARM AID IN FOREIGN COUNTRIES, CONT'D

In 1932 Denmark turned definitely from free trade to protection and direct Government aid. Since that year, Government policy has concentrated largely on sustaining domestic price levels for farm products, making hog production conform to the requirements of shrinking export markets, disposal of the surplus of old cows, and reducing the farmer's burden of fixed charges.

The outstanding forms of Danish aid to agriculture have been: (1) a program for reducing hog production; (2) a system of import and foreign exchange control through the use of "exchange certificates"; (3) a reduction of interest rates on farm mortgages and certain tax adjustments; (4) a sugar import monopoly for the benefit of sugar-beet producers; and (5) a program for the elimination of the cattle surplus by subsidized slaughtering. In addition, trade agreements have been concluded with neighboring countries, notably Great Britain and Germany, in an effort to prevent a further shrinkage of the export market.

The Danish hog production control program was established in 1933 after the British restrictions on cured-pork imports were put into effect. Some adjustment of hog production to demand was absolutely essential since about 99 percent of the Danish cured-pork exports and about 80 percent of the total cured-pork production of Denmark had been marketed in Great Britain.

A national hog control office was established to administer the control program. This office, in the light of the current British market for bacon, fixes the minimum price to be paid for that number of hogs needed to fill the import quota for Denmark established by the British Government and to provide for the home market. Next the Hog Control Office allots to each individual farmer the number of hogs for which the established export price will be paid. The allotments to individual farmers are determined chiefly on the basis of the land taxes paid by the farmer, the number of hogs marketed in the preceding year, and the amount of skimmed milk returned to the farmer by the creameries.

The Hog Control Office permits the slaughter of hogs above the number required for the British and the home markets, but the prices paid for such "surplus" hogs are fixed weekly on the basis of prices prevailing in foreign markets other than the British. Production in excess of the allotments for the British and the home markets has been unprofitable because exports to other than the British market have been unremunerative. Surplus production, therefore, has been definitely discouraged.

The Danish Government likewise intervened to relieve a situation created in the dairy industry in 1932 as a result of increasing cattle numbers, contraction in export outlets for surplus cattle, increasing butter production, and declining world prices for butter. To remedy the situation, the Government put into operation a plan designed to dispose

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of the surplus of old cows and bring about an advance in beef prices. This was accomplished mainly by the elimination of all unprofitable animals through a subsidized slaughter program financed by Government appropriation and by a general slaughter tax on all cattle slaughtered for domestic consumption.

The second general method of farm relief is the system of exchange certificates, which became effective in January 1932. The purpose of this device is to regulate the volume and type of imports through controlling the utilization of foreign exchange. The plan is directed by the National Bank, a Government institution. Under it no Danish importer is permitted to bring foreign goods into the country without first securing a certificate from the National Bank granting the necessary foreign exchange to pay for such imports.

Special measures of import control have largely superseded import duties as the effective import restriction of Denmark. Such import duties as are still in effect are relatively low and in any case have no significant effect on the quantity of imports. Imports of grain and flour have been subject to such special control since August 1935. Imports of these items must pay an adjustable duty or import tax calculated to maintain their prices at a level which will permit the profitable sale of similar domestic products.

Sugar imports are also under special control. Under a law effective in March 1932, monopoly control of the sugar trade was given to Danish factories and refineries, under Government supervision. The low prices of imported sugar had made beet growing in Denmark unprofitable and the monopoly was set up in response to insistent demands from Danish beet-sugar growers. The measure includes provision for fixed prices to Danish producers of beets and beet sugar.

Finally, the Danish Government has adopted a number of measures directed toward financial relief for farmers. For instance, in 1931 a moritorium on payments by farmers of taxes and interest was granted by the National Government. Since then, there have been numerous measures enacted to reduce such charges and to make credit easily available. In adopting these measures, consideration has been given by the Danish Government to persons and institutions whose income has depended upon interest from farm mortgages. A national "crisis fund" was set up for this purpose and for generally assisting the country's financial institutions.

The Netherlands

The national economy of the Netherlands is based predominantly upon agricultural exports. Such exports consist mainly of hog products, cheese, horticultural products, and a few other items, the production of which is especially favored by conditions in that country. On the other

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hand, the Netherlands finds it necessary to import large quantities of such agricultural products as grain, fibers, fruit, and fats.

As one of the most important trading countries of the world, the commercial policy of the Netherlands historically has been one of free trade, such duties as were in effect being relatively low and for revenue rather than for protective purposes. Up until the depression, the country continued to be not only one of the lowest tariff countries in the world but also a country in which governmental interference with economic life was at a minimum. With the drastic decline in foreign markets for Dutch products following the onset of the depression, the Netherlands completely reversed its policy and, so far as agriculture was concerned, adopted not only the principle of tariff protection for domestic producers but also one of the most comprehensive agricultural control programs of any country in the world.

In view of the fact that the national economy of the Netherlands was based largely on exports resulting from specialized agricultural production for which foreign markets were rapidly disappearing, the objective of the new policy has been to reduce production of surplus products in line with the diminished foreign demand and, wherever possible, to increase production of products formerly imported. In working toward that objective, the Government has resorted to regulation of production and marketing, to compulsory flour-mixing regulations, and to drastic import restrictions through monopolistic control. In addition, it has taken steps to reduce interest rates and to lower rents paid by tenant farmers.

In May 1933 all forms of farm relief in the Netherlands were consolidated under one administration by the terms of the Farm Crisis Act. This organization, functioning largely on a commodity basis, controls the production and marketing of all important Dutch agricultural products. National agencies established under the act to administer the several commodity control plans, have virtually monopolistic powers governing production, imports, and exports.

With respect to imports, the monopoly agencies set up for the several commodities affected by the Farm Crisis Act exercise control through a system of monopoly fees, charged in addition to the relatively low import duties, and through the application of definite import quotas. The monopoly fees are an important source of income for financing agricultural relief schemes. The fees may be altered by the control authority and are, therefore, more flexible than import duties, changes in which require parliamentary action.

The production control measures adopted by the Netherlands Government are also on a commodity basis. One of the first of these was the plan for reducing hog numbers, which became effective in August 1932. This plan is based on production allotments made to each farmer, who must mark each animal allowed to reach maturity under his allotment. The

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Control authority establishes minimum prices that must be paid to producers of bacon hogs for export. The main source of financial support of the control plan is a slaughter tax on hogs killed for the domestic market. The tax is paid by the slaughterer at the time the hogs are certified as fit for food. A sufficiently large percentage of all Netherlands hogs is consumed domestically to make this plan workable. Total hog numbers have been reduced by about 50 percent under the control plan.

A plan for the relief of dairy farmers was established in July 1932 in an effort to provide Dutch producers of "industrial" milk with prices that would meet production costs. "Industrial" milk covers all milk going into the production of butter, cheese, and condensed milk. In essence the plan provides for taxing that part of the factory production of dairy products which enters into domestic consumption, the fund thus created being used to make payments to milk producers. The latter, in turn, are required to reduce the quantity of milk produced. Under the milk scheme the imports of competitive products, such as lard and other edible fats and oils, come under the direct control of the dairy products authority. A feature of the control scheme is the compulsory mixing of butter with all margarine sold in the country.

Protection for domestic wheat producers was established in July 1931. This was the first major farm-relief measure adopted in the Netherlands. The plan centers on the requirement that a large percentage of flour milled from domestic wheat must be mixed with imported flour offered for sale in the Netherlands. A central authority supervises and controls the imports of both wheat and flour. The effect of the measure has been to increase greatly the prices received by Dutch wheat growers and, consequently, to more than double the Dutch production of wheat.

Hungary

Developments with respect to farm aid in Hungary are fairly typical of the agricultural policy adopted by the governments of the surplus producing countries of the Danube Basin in recent years. Two distinct periods may be noted in the development of the agricultural policy of the Hungarian Government since the end of the World War. The first, that of agrarian and land reform, came to an end in 1929 and was directed toward the breaking up of large agricultural estates. The second began with the depression and has consisted chiefly in the problem of relieving agriculture from the effects of drastic declines in world prices and the loss of foreign markets.

The Hungarian agricultural policy during the latter period has been featured mainly by the encouragment of exports of agricultural products through direct and indirect governmental subsidization and through barter and currency control. Fundamentally, the purpose has been to maintain

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prices at a high level for that part of the production needed for home consumption and to dispose of the remainder on the best terms possible in foreign markets. In finding outlets for its surplus production, Hungary has placed special emphasis upon securing preferential treatment in continental European markets.

Outstanding among Hungarian export aid measures have been those relating to wheat, the country's chief export, and to rye. Especially deserving of mention is the so-called grain ticket or "boletta" system in effect in Hungary from July 1930 to June 1934. Under that system no Hungarian wheat, rye, or their mixture could move in commercial channels unless accompanied by a purchasing permit. This permit was obtained by the prospective purchaser of cereals from the local municipal authorities at prices specified by the Government. Receipts from the sale of these permits went into a cereals valorization fund.

The cereals ticket included a coupon, which was given to the farmer when the grain was purchased from him so that he obtained the coupon in addition to the selling price of the grain. The coupons were redeemable out of the valorization fund. So long as the wheat was sold for consumption in Hungary, the cost of the grain permit was passed along directly to the ultimate consumer. But the exporter could not, of course, dispose of the ticket abroad. He was reimbursed by theGovernment for the cost of the ticket. In addition, the Government paid the exporter a direct export subsidy sufficient to permit the sale abroad of wheat and rye at competitive prices. The net result was that Hungarian consumers not only shouldered the burden of paying the higher prices for that part of the farmers' wheat and rye production consumed within the country but in addition bore the burdens arising from subsidies on exports payable from the national treasury.

This complicated system was abandoned in June 1934, but Hungary's trade in wheat and rye continued under the rigid control of the Government. Since the abandonment of the "boletta" system, grain growers have received direct subsidies, the funds for which are secured chiefly out of processing taxes on the milling of wheat in Hungary. One of the features of the Government's activity in the wheat market has been the conclusion of numerous barter and exchange agreements with foreign countries under which foreign industrial products are accepted in exchange for Hungarian wheat. Preferential treatment for Hungarian grain has usually characterized these agreements.

The so-called "agrarian" or land reform in Hungary was not so widespread or thorough as in the other Danubian countries. In these latter countries, most of the large estates were divided among the smaller peasant farmers, whose lack of managerial ability and shortage of capital have proven to be distinct handicaps to the agriculture of these countries.

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Other phases of Hungarian Government intervention in the relief of agriculture since the depression include a tobacco monopoly; strict regulation of the sugar, dairy, and hog industries; the restriction of imports by tariffs as well as quantitative control; and emergency credit aids and debt reduction for farmers.

Poland

Since the establishment of the new State of Poland following the World War, its Government has been actively concerned with agricultural relief. Since Poland is an exporter of many agricultural products, the Government has concentrated its efforts principally on the development of export aids, while at the same time pursuing a policy of restricting imports, largely through high duties. In a few cases, import quotas have also been used. The export aids have consisted mainly of the payment of subsidies on a wide range of agricultural exports. The Government has also engaged extensively in barter arrangements with other countries in disposing of agricultural products abroad. The latter method has been used particularly in taking care of the surplus of hog products.

An interesting development in the more recent governmental policy of Poland toward agriculture has been the attempt to reorganize or "rationalize" agricultural production. To accomplish that objective, export subsidies are calculated in such a way as to encourage the production of some products and discourage the production of others. Moreover, Government funds have been appropriated directly to build up phases of agriculture deemed to have been most neglected, such as certain livestock products, oilseeds, and various other specialties, and to bring about a reduction in the production of grain.

One of the great burdens weighing on Polish agriculture has been the disparity between agricultural prices and industrial prices. Since it was clear that higher prices for agricultural products would make their exportation more difficult, the Polish Government adopted a policy of devaluation with respect to industrial prices. Railroad rates, prices of cartel goods and commodities produced by Government monopolies have been reduced by decree. Prices of other products and servies required by the farmer have also been lowered as a result of governmental pressure. Customs drawbacks or rebates are granted in connection with the importation of fertilizers, tools, machinery, and other goods used in the production of agricultural products for export. The Government has not attempted direct control of the marketing of industrial products. It has, however, intervened to prevent market gluts and to stabilize prices by purchasing and holding grain.

Other agrarian measures adopted by the Polish Government include a land reform program directed toward the redistribution to small farmers of reclaimed land and land formerly held by large estates, the granting of Government loans to farmers at low rates of interest, compulsory reduction

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of interest rates, and farm debt moratoria. In respect to the latter, the Government in some instances has brought about a reduction in the principal amount of a farmer's debt. Farm debt conversion is handled by the Agricultural Acceptance Bank, a subsidiary of the State Land Bank.

An outstanding feature of agricultural relief in Poland is that regulation has been by executive decrees carried out by the regular ministries without the establishment of new offices or organizations.

Spain

Until the beginning of the World War, the agricultural policy of Spain was essentially one of protection for farm products grown on an important scale in that country and of non-protection for products in which the country was markedly deficient. Since the end of the war, however, and especially since the beginning of the depression, import restrictions have been greatly increased on the first group, and a new system of duties and taxes has been applied to products in the second group.

Increased protection on commodities in the first group has been motivated by a desire to assist farmers unable to obtain adequate returns as a result of surplus crops and the depression. The new policy of protecting farm products in which Spain is greatly deficient, on the other hand, is an outcome of a self-sufficiency program aimed at building new agricultural enterprises in the country.

In addition to tariff protection, Government aid to Spanish farmers in recent years has been directed toward three main objectives: transformation of Spanish rural organization through the application of various agrarian reform measures; assistance to producers of surplus crops affected by the depression; and encouragement for the production of crops in which Spain is deficient.

The object of the Agrarian Reform Law of September 15, 1932, was the outright confiscation and subdivision of the widely neglected large estates and their distribution to landless farm families. Aside from bringing about a change in the social aspect of the Spanish countryside, this measure was expected to increase agricultural productivity. The scheme was gradually discarded and the Agrarian Reform dwindled to a mere rural colonization program with Government property as the scene of action. The present Spanish Government, however, has given a strong impetus to the original purpose of the reform law and is making it a measure which is expected to bring about important and permanent changes in Spanish farm life.

The action taken affecting wheat and wine may be cited as outstanding examples of Government assistance to producers of surplus crops. Wheat is the most important single factor in the agricultural economy of Spain, representing about 25 percent of the total value of Spanish agricultural

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production. Heavy imports in 1932 followed by two bumper crops resulted in the accumulation of a large wheat surplus and a demoralized market. The Government intervened to assure fair returns to producers while at the same time maintaining low bread prices. Among the measures adopted were the following: increase in import duties; prohibition of wheat imports; fixing of maximum and minimum prices for domestic wheat; control of all trade in wheat within Spain; Government purchase of surplus wheat; segregation of wheat stocks; and denaturing of wheat for feeding purposes. Mills are still required to keep on hand a stock of flour equal to 1 month's milling capacity, but most of the other domestic control measures have been eliminated since April 9, 1936, in order to restore free marketing conditions for wheat. Imports of wheat, however, are still prohibited.

Among the measures adopted to relieve the depression in the wine industry were compulsory serving of about 1/2 pint of free wine with every meal ranging between 40 cents and $1.35 in price, and compulsory use for all industrial purposes of distilled and redistilled wine alcohols (instead of other kinds of neutral alcohols) until the price of wine for direct consumption reaches a specified level.

Efforts also have been made to encourage expansion in the production of commodities in which Spain is deficient. This is especially true of cotton and tobacco. In 1932, the Government established the Institute for the Promotion of Cotton Growing with the hope of increasing the area under cotton from the average of 25,000 acres to 250,000 acres. Among the functions of this Government organization are distribution of seeds to regions suitable to cotton growing, inspection of cotton crops, dissemination of information on cotton diseases, assistance in cotton grading and marketing, and establishment of ginning facilities. The cotton program is financed by a tax of 0.05 peseta on each kilo of raw cotton imported (0.31 cent per pound). The practice of granting outright sums to cotton growers has been abolished. Growers, however, may apply for a loan to cover season expenditures, to be repaid on the sale of their cotton to Government-owned gins.

With regard to tobacco, the Government in 1935 launched a campaign for the encouragement of tobacco growing, consisting of the dissemination of information to producers regarding rotation of crops, tobacco diseases, and the types of tobacco most suitable for Spanish cultivation. Government hail insurance is made available to growers at very reasonable rates and the Spanish tobacco monopoly is now required to purchase tobacco grown in Spain. To stimulate interest in Spanish-grown leaf, a national exhibition of tobacco cultivation was inaugurated at Madrid in June 1935.

The Soviet Union

The Soviet Union has gone much farther along the path of government intervention than any other country. The situation with respect to Government aid to agriculture, however, differs essentially from that prevailing

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in other countries. This difference lies in the predominance in the Soviet Union of National Government control in the administration of the whole economic system, of which agriculture forms an integral part.

Agriculture retained its individualistic character for a longer period than other Soviet Union industries. a/ The manufacturing industries, banking, and foreign trade were nationalized early under the Soviet regime. Since foreign trade has long been a monopoly of the Government, operated in accordance with the general objectives of its economic and financial policies, there has been no need to resort to such special measures of trade control as play an important part in the schemes of agricultural relief in most other countries.

The agrarian revolution of 1917-18, which led to the division of the larger properties, made small-scale peasant farming the predominant type of agricultural organization in Russia. With the abandonment in the spring of 1921 of the so-called regime of "war communism" (1918-1921) - characterized by its forced requisitioning of farm products, legal prohibition of private trade, and encouragement of collective and State farming - the individualistic character of small-scale peasant agriculture was substantially strengthened.

The New Economic Policy, which supplanted the era of "war communism", restored the free market for agricultural products, substituted taxes for requisitioning of the peasants' surplus, granted farmers considerable freedom in choosing the form of land tenure (although land remained legally the property of the State and was not subject to sale or mortgage), and permitted limited leasing of land and employment of hired labor, previously prohibited by Soviet legislation.

Considerable agricultural and general economic recovery took place following the introduction of the New Economic Policy. Toward the end of 1927, however, Soviet agricultural policy took a new turn. Its principal objective then became the development of large-scale, socialist types of farming and of collective and State farms, and the establishment of machine-tractor stations to replace small-scale farming along individualistic lines.

The present agrarian policy of the Government, therefore, may be epitomized by two words, "collectivization" and "mechanization." The reason for the shift to collectivization is to be found largely in the Soviet belief in the superiority of large-scale production in agriculture, particularly over the very small farm unit and the former open-field and scattered-strip system of farming.

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a/ The importance of agriculture in the Soviet national economy may be gauged from the fact that in 1933 three-fourths of the population were still rural.

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Conflict with the peasantry, particularly with those of the more prosperous strata, also played an important role in the decision of the Government to collectivize agriculture. Bent on rapid industrialization of the country, the Government was anxious to secure at low prices the largest possible supply of grain and other agricultural products for the needs of State industries and the rapidly increasing class of industrial workers, as well as for export purposes. But while Government-controlled prices of agricultural products, particularly grain, were held at low levels, the prices of manufactured products were high and their quality poor. Moreover, there were frequent shortages of supplies of such manufactured products. The peasants under those conditions, particularly the more prosperous ones who had a surplus, would not part with it or go so far as to curtail production. Hence, the mutual hostility between the Soviets and the better-to-do peasants, so-called "kulaki." This situation culminated in the Government's decision to "liquidate" the latter in the winter of 1929-30 and commence wholesale collectivization.

In the First Five-Year Plan, officially approved in the spring of 1928, collectivization was projected on a relatively modest scale, but in the winter of 1929-30 it was tremendously accelerated. The movement suffered a temporary setback in the spring of 1930 and was accompanied by heavy human and economic costs. Among the latter, the large loss of livestock was particularly serious. Nevertheless, by the end of 1934 the so-called "socialist sector" (collective and State farms combined) comprised 86 percent of the total sown area of the Soviet Union, as compared with approximately 5 percent in 1929.

Individual, small-scale, peasant farming, which greatly predominated only a few years ago, has now been relegated to an inferior place in the Soviet agricultural scheme. In fact, under the pressure of heavy, discriminatory taxation and other impediments, it is being forced out of existence. The Second Five-Year Plan (1933-1937) has set as one of its goals the completion of the collectivization movement by 1937.

In general, collectivization has placed upon the Government most of the responsibility for managing agriculture which formerly devolved upon millions of independent peasant farmers. The task has been complicated by the increase in size of the average farm unit and by difficulties accompanying the process of readjusting peasants to the newly Government-sponsored and controlled scheme of collective farming. Such problems as the assembling of seed and forage supplies, timely and efficient sowing and harvesting, proper care of livestock, crop rotation, internal organization of the farm unit, and other details of farming, with which the Government formerly rarely concerned itself directly, now occupy its attention. In this connection, special attention is also being devoted to improvement in agricultural technique. Agricultural research is being promoted with that object in view.

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Argentina

The economic life of Argentina depends almost wholly on agricultural exports. The requirements of its population are relatively small in comparison with its vast production, the major part of which must be disposed of in foreign markets at the world price. Consequently, the principal concern of the Argentine Government is the availability of foreign outlets for the country's surplus production of crop and livestock products. The decline in world prices and reduced demand resulting from the world depression brought serious hardship to Argentine farmers and resulted in a marked increase in governmental intervention in agricultural affairs.

Although the Argentine Government may be said to have embarked upon a program of agricultural relief as early as 1928, when it created the National Sugar Commission, it was not until 1933, when the decline in the price of wheat and other products compelled the Government to heed the appeals for relief from wheat growers and other farmers, that direct governmental intervention was resorted to in the hope of bringing about increased prices for farm products.

The four outstanding measures adopted by the Argentine Government for the relief of agriculture were (1) the devaluation of Argentine currency and the control and manipulation of foreign exchange for the benefit of certain groups of producers; (2) the fixing of guaranteed minimum prices for wheat, corn, and linseed; (3) the establishment of various commodity boards to aid individual groups of producers; and (4) the enactment by the Argentine congress of a mortgage moratorium law.

As Argentina is a debtor nation, the value of exports must not only balance imports but must be sufficient for the service payments on the public debt held abroad and upon the large private investments of foreign capital in Argentina. With the continued decline in the value of exports during the period of the depression, the Argentine balance of merchandise trade by 1930 showed a large deficit. As a result of this situation, the Government in October 1931 established a system of control over foreign exchange. The primary purpose of this control was to discourage imports in order to remedy the balance of trade situation. There was at that time no thought of aiding agricultural exports.

The operations of the exchange control authorities did, as a matter of fact, succeed in reducing the large excess of imports over exports but at the same time the value of the Argentine currency appreciated markedly so that prices of primary agricultural products in Argentina declined proportionately. It was largely because of the decline in prices in terms of Argentine currency that the Government was forced in November 1933 to take positive action in the direction of increasing prices of

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In dealing with various agricultural problems, the Soviet Government uses the instrumentality of the so-called "plan", since centralized State planning now constitutes as important a feature of Government control of agriculture as it does in the other phases of economic life in the Soviet Union.

The principal objective of the Soviet agricultural program is an increase in the output of farm products. An equally important consideration in practice has been the collection or procurement by the State of the "planned" supply of grain and other agricultural products at relatively low prices, for which purpose the Government resorts largely to taxation in kind. In striving to increase agricultural production, emphasis is being laid not on further extension of acreage but on better cultivation of land and on raising of the yield per acre. The latter apparently has proved to be a much more difficult task than merely increasing acreage.

Latin America

During pre-depression years, agricultural relief in Latin-American countries took the form primarily of protective tariff measures and of credit assistance through Government-owned or controlled agricultural mortgage banks. The period since 1929 has been marked by a broadening and intensification of earlier measures, and by increased Government intervention designed to aid agriculture. Protective tariffs on agricultural products, often aimed at crop diversification, have been increased.

While currency depreciation has not been uncommon in the history of Latin America, most of these countries seem to have become cognizant only in recent years of its possibilities as a means of raising the internal prices of export commodities and of lightening the debt burden of the farmer. As a result, currency depreciation and exchange control measures, aimed toward these ends and toward the restriction and control of import trade, are now quite common. Development of agricultural cooperatives has been carried on actively under Government encouragement, and often with Government financial support. In some cases, as with coffee in Brazil and Venezuela, the Governments have entered the market directly in an endeavor to support prices.

Supplementing these fundamental measures, increased Government funds have been devoted to rural education and hygiene, to rural resettlement and colonization, and to public works designed to aid agricultural production and marketing. Governmental aid measures for farmers in Argentina, Brazil, and Mexico are summarized in the following pages.

FARM AID IN FOREIGN COUNTRIES, CONT'D

Argentine export products. The Government accordingly devalued the Argentine currency by 20 percent. Prices of Argentine primary products in terms of Argentine currency immediately advanced in approximately the same proportion. At the same time the Government established guaranteed minimum prices for wheat, corn, and linseed.

Another feature of the exchange control system inaugurated in November 1933 was the establishment of a margin between the official figure for buying exchange and the official figure for selling exchange sufficient to provide the Government with a substantial profit to be used for reimbursing possible losses under the minimum price system. As matters actually developed, however, the profits were sufficient to provide funds for the assistance of other groups of producers as well.

While the export bills resulting from sales of most of the primary products of Argentina, particularly grain, theoretically were to be sold at the established official rate of exchange, the Government made exceptions in a number of products so that the export bills on such products could be sold on the open market, thereby realizing returns in terms of Argentine money considerably higher than would have resulted from the sale of bills at the official rate.

As indicated above, the Argentine Government, at the same time it devalued the currency in November 1933, provided by executive decree for the creation of a Grain Regulating Board empowered to make purchases of wheat, corn, and linseed at specified minimum prices whenever the world price, as reflected in the Buenos Aires market, should fall below the fixed price. The actual operation of the system of fixed prices may perhaps best be understood by referring briefly to the operations of the board with respect to wheat.

During the first year of its operation, the Grain Regulating Board purchased approximately 150,000,000 bushels of wheat, or about 75 percent of the exportable surplus for 1933-34. During the early part of the year, the operations of the board showed a considerable loss, but subsequently, with an advance in the world price of wheat resulting largely from crop failures in the United States and Canada, the board was able to sell its accumulated stocks at prices considerably above the minimum. It was in a position, as a result, to reduce its own losses for the entire year to the equivalent of a little less than $2,000,000. This loss, together with the administrative expenses of about $1,000,000, was reimbursed from profits made by the Government on the sale of foreign exchange. During the 1934-35 season, the world price of wheat continued above the Argentine minimum price so that the Grain Regulating Board did not find it necessary to make any purchases of wheat that crop year.

On December 12, 1935, the minimum price of wheat, originally established at 5.75 pesos per 100 kilograms, or about 53 cents per bushel, was increased to 10 pesos, or, at prevailing exchange, approximately 90

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cents per bushel. The day before the new minimum price became effective, wheat was selling in Buenos Aires for approximately 74 cents a bushel. On the following day, the first under the newly established minimum price, wheat closed at slightly above the Government minimum and has continued above that price since. The reasons advanced by the Government for the large increase in the minimum price were the extremely short Argentine wheat crop and the generally improved world statistical position for wheat.

Various regulatory boards and commissions in recent years have become a part of the permanent administrative organization of the National Government of Argentina. These boards were created primarily for the purpose of improving the economic position of particular groups of farmers and livestock producers. A considerable impetus has been given to the development of farm-relief measures through these boards by the fortuitous circumstance that the exchange control operations of the Government resulted in a much larger profit than had originally been anticipated. A large part of this profit has been allocated to the support of the newly created commodity boards and commissions.

Included among such boards and commissions are the National Sugar Commission, which fixes the import duty on sugar each month so that the price paid for imported sugar in the Argentine market will reach a figure believed necessary to protect the domestic sugar industry; a Wine Regulating Board, which is empowered to curtail production and reduce surpluses; a National Dairy Board organized for securing better prices to the producers of butterfat, who receive benefit payments derived from the profit on the sale of exporters' bills of exchange on butter exports; a National Meat Board, with regulatory power over the meat-packing industry, which is given power to establish meat-packing plants owned and controlled by the livestock producers; a National Cotton Board, created for the purpose of promoting the production of cotton in Argentina, improving the methods of marketing, establishing standards, etc.; a National Yerba Mate Board, created to promote the interests of the growers of that product; and a National Grain and Elevator Commission with broad powers over the grain trade and with authority to construct and operate Government-owned elevators. Under the law creating this latter commission, the Ministry of Agriculture is empowered to determine what new or additional varieties of wheat may or may not be grown in Argentina.

Finally, mention should be made of the Mortgage Moratorium Law, effective in October 1933, and designed to alleviate the financial burden of the landholders. At first challenged on constitutional grounds but subsequently upheld by the Argentine Supreme Court, this law declared a moratorium of 3 years on all amortization and interest payments under certain conditions, and provided for a maximum interest rate of 6 percent. Other legislation provided for a reduction in the interest rates on bonds

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of the National Mortgage Bank from 6 to 5 percent and the subsequent refinancing, at a lower rate of interest, of all farm mortgages held by the National Mortgage Bank, more than one-third of the total outstanding farm mortgages of the country.

Brazil

The economic life of Brazil is based primarily on agriculture. While rapid progress has been made along industrial lines in recent years, manufacturing is largely confined to the needs of the domestic market. As a result, agricultural and semi-agricultural products make up around 90 percent of the value of the country's total exports. Over the past 50 years, coffee alone has accounted for an average of roughly 60 percent of the total value of the Brazilian export trade.

Before considering the extent and character of Government aid to agriculture in Brazil, it should be noted that until recently the Brazilian States had powers under the Federal constitution which in many countries are reserved only to the federal government. For instance, the States had the power to levy export taxes, and frequently they imposed special taxes on goods originating in other States. With the adoption of a new constitution in July 1934, many of the State powers were withdrawn and the powers of the Federal Government were substantially expanded. A feature of the new Brazilian constitution is the provision for class representation in the Chamber of Deputies, agriculture being one of the four classes to be represented.

In spite of the divided Federal-State authority, the Federal Government of Brazil has for many years sought to aid agriculture from a national point of view. This aid has been extended chiefly through the following media: first, currency devaluation; second, a high protective tariff on agricultural and semi-agricultural products; and, third, in the case of coffee, direct assistance through various coffee valorization measures. More recently, these long-standing policies have been supplemented by the establishment of numerous semi-official agricultural institutes to aid in the financing and marketing of specific crops, and by national legislation providing for the relief of the farm debtors, for Government aid in agricultural financing, and for the establishment of rural cooperative societies.

From a historical point of view, probably the principal method pursued by Brazil in relieving agriculture and maintaining prices to farmers has been through currency depreciation. During the century of the country's independent existence, Brazilian monetary history has been largely one of inflation. The large and influential planter class has consistently favored cheap money, with the result that at times when world prices for Brazil's major export crop, coffee, were low, the milreis was permitted to depreciate, in order that the milreis income of the coffee planters and traders might be maintained.

FARM AID IN FOREIGN COUNTRIES, CONT'D

This long-term policy has not been without unfortunate repercussions. For example, the decline in the milreis from an average value of about 25 cents in 1916-1920 to an average of 12 cents in 1921-1925, following the post-war depression and large paper money issues, was probably a primary factor in the high milreis prices of coffee and the credit inflation of the late 1920's. It was accompanied by increased coffee planting, which eventually resulted in huge surpluses. These surpluses, despite the various Brazilian coffee valorization projects and the coffee destruction program, recently brought world prices of coffee, in terms of gold, to an all-time low point.

Since September 1931, foreign exchange transactions have been under Government control. This control may be so exercised as to favor products the exportation of which the Government desires to encourage. For example during the last half of 1934 and early part of 1935, exporters of certain products other than coffee, including cotton, were permitted to sell all of their bills of exchange at the free market rate, while coffee exporters were compelled to sell around 85 to 90 percent of their coffee bills at the less favorable official rates.

During at least the present century, the Brazilian tariff policy has been largely dominated by protectionist sentiment, not only as concerns agricultural and semi-agricultural products, but in the case of industrial products as well. For example, although an important producer of cotton for export, Brazil levies a prohibitive tariff of approximately 17 cents per pound on foreign cotton, and one of the highest, if not the highest, tariffs in the world on cotton cloth.

The long-continued depreciation of the milreis has doubtless hampered import trade, and so contributed to protection of domestic industry and agriculture. It is interesting to note that when tariff rates were changed from the gold milreis to the paper milreis in 1933, a substantial increase in import duties was effected by fixing a ratio of 8 paper milreis to 1 gold milreis, although the actual ratio at that time was a little over 6 paper milreis to 1 gold milreis.

The Brazilian coffee industry has been almost continuously subject to one type or another of valorization systems for the past 30 years. These projects in their earlier phases involved the entrance of the Brazilian Government into the coffee market on a scale sufficient to enable it to support, if not control, prices. However, no effective production control was exercised, and with increased production in foreign countries and in Brazil following the currency inflation, credit boom, and artificially supported coffee prices of the 1920's the earlier price-supporting measures collapsed in 1929-30. Since the collapse, Brazil has destroyed coffee stocks and surpluses equivalent to world consumption requirements

FARM AID IN FOREIGN COUNTRIES, CONT'D

for one and one-half years. Apparently this huge destruction program, financed principally with the proceeds of loans and of export taxes, has not improved the statistical position of the commodity to a point where a substantial increase in world prices may be expected.

During recent years a number of so-called "institutes" have been set up under Federal or State auspices to aid in the financing and marketing of various agricultural products. The earliest of these were the various coffee institutes, since taken over by the Federal Departmento Nacional do Cafe.

The Cocoa Institute, nominally a private enterprise, but at least semi-officially financed through the Banco do Brasil and an export tax on cocoa, is a good example of this type of Government-encouraged organization. It was set up primarily to do long-term financing of cocoa properties and to improve marketing methods. However, it also extends short-term crop loans, finances purchases of farm equipment, builds and maintains warehouses, operates an experiment station, and aids in bridge and highway construction. In addition to the interest on loans and profits on transactions in which it engages, it derives its income from an export tax, equivalent to about 3.5 percent ad valorem, on cocoa shipments.

Probably the most far-reaching governmental measure of the depression period, for the relief of the farm class and of the banks, was the decree of the Federal Government promulgated on December 1, 1933, which reduced by 50 percent all debts secured by mortgage or lien on agricultural property. Debts of farmers to banking houses, regardless of the nature of the debt, were also reduced by 50 percent in the event the debtors were insolvent. Provision was made for the reimbursement of the creditors through an issue of 30-year, tax-exempt, 6-percent Federal bonds, the creditors receiving these bonds to cover the losses incurred in the 50-percent reduction in farm debts.

Indirect financial assistance to agriculture has long been rendered by the State and Federal Governments through the various agricultural institutes and in connection with the coffee valorization projects. In July 1934 there was promulgated a decree providing for the creation of a National Rural Credit Bank, with capital supplied by the Federal Government. The new bank is to assist agriculture and stock-raising by means of credit facilities, and to organize State or regional banks for the same purposes, with the work of the State or regional institutions later to be taken over by rural cooperative societies. Recently measures have also been made effective whereby the Bank of Brazil is enabled to extend greater aid, through its rediscount department, in the financing of agricultural production and crop movement.

FARM AID IN FOREIGN COUNTRIES, CONT'D

Mexico

Agricultural relief measures in Mexico date largely from 1917, when the new constitution, embodying principles of agrarian reform and land distribution, was adopted. The outstanding developments since that date are based on a land distribution program, the socialization of credit, and the organization of agricultural cooperatives. Governmental assistance to agriculture has also been rendered by currency measures and by the protective tariff policy.

A Six-Year Plan of economic reconstruction, adopted by the Mexican Government in December 1933, is designed to broaden the principles of agrarian reform incorporated in the constitution of 1917, and to expedite the carrying out of these principles. Under the Six-Year Plan, the distribution of land and water rights is greatly extended and administrative and legal processes whereby rural centers may obtain right to lands are simplified.

In connection with the general land distribution program, the National Bank of Agricultural Credit has adopted liberal policies in financing the communal landholders and small farmers. The Federal and State Governments are cooperating in efforts toward improving agricultural production and distribution. Liberal appropriations have been granted by the Federal Government for use in education and in improvement of living conditions among small farmers.

During recent years, the Mexican Government has greatly extended its control over the banking and credit structure of the country, one of the primary objectives being an improvement in the rural credit situation. The Bank of Mexico, which functions as a central bank, and the National Bank of Agricultural Credit, both Government-controlled institutions, have encouraged liberal credit policies and reduction of interest rates.

Cooperative marketing organizations have been established under official auspices and with financial support of the Government-controlled banks, particularly the National Bank of Agricultural Credit, to handle the marketing of major crops. The first outstanding organization of this type was the Henequen Producers Cooperative formed in 1925. Provision has also been made for the formation of consumer cooperatives, which, working with the producer cooperatives, are designed to lower the cost of distribution of agricultural products.

Over and above these more specific farm-aid measures, the Government of Mexico has directed its currency and tariff policies with a view to agricultural relief. With respect to monetary policies, the Mexican peso, which is on a managed-currency basis, has been substantially devalued since the practical abandonment of the gold standard in 1931.

FARM AID IN FOREIGN COUNTRIES, CONT'D

This devaluation has worked in the direction of maintaining the prices of Mexican agricultural products in terms of the national currency at an average level not greatly below that of 1929.

Oriental countries

In a consideration of farm relief in countries of the Orient, an interesting contrast is presented between the policies pursued by Japan on the one hand and those pursued by China on the other. The differences are more in methods than in objectives, and are to be attributed to the respective position of agriculture in the economies of the two countries, as well as to the difference in the powers of the central governments. The agricultural problem is viewed as a national responsibility by the Governments of both Japan and China, and they are attempting to deal with it accordingly.

Japan

Probably in no other country in the world can there be found a better case of a lack of balance between agriculture and industry than in Japan. In spite of the unprecedented progress of industrialization in Japan during the last 60 years, the rural population still constitutes 50 percent of the total, and agriculture continues to be the leading industry of the country. But, notwithstanding the important position of agriculture in Japan's national economy, it is commonly agreed that, while Japanese industry and trade have been expanding and prospering, the depressed condition of agriculture has grown more and more severe.

The increasing industrialization of Japan over the last half century and the growth in the urban population naturally led to an increase in the domestic demand for farm products. Consequently, during most of that period the policy of the Government was directed toward an expansion in production of agricultural products. This had to be accomplished chiefly through an increase in yields per acre since practically all of the cultivatable land of Japan had long been in use.

With the post-war agricultural depression, the Japanese Government shifted the emphasis in its agricultural policy toward the stabilization of agricultural prices, increasing the purchasing power of farmers, and easing the burden of agricultural indebtedness. More concretely, the agricultural policy of the Government has been motivated by two objectives: first, to regulate and expand agricultural output with a view to price maintenance and the achievement of national self-sufficiency and, second, to render aid to the agrarian population which was especially hard hit by the world economic depression.

Indicative of the Government's policy toward agriculture are the measures adopted in behalf of the rice, cocoon, and wheat industries.

FARM AID IN FOREIGN COUNTRIES, CONT'D

The often revised Rice Control Act enables the Government to purchase, sell, exchange, process, or store rice whenever it considers such action necessary for the regulation of rice prices. In addition to influencing rice prices by raising, lowering, or suspending import duties during specific periods, the Government frequently operates in the rice market by buying up supplies and holding them off the market. In this way, the Japanese Government exercises a great influence over the disposal of rice, the nation's basic food product. In connection with this control, the Government has found it necessary to make large expenditures of public funds during recent years.

Although rice has been and will doubtless continue to be a staple food product of the country, the Japanese Government has been placing special emphasis in recent years on expansion in wheat production. The program in regard to wheat is an essential part of the general objective of a more self-sufficient agricultural economy. In order to attain self-sufficiency in wheat, the Government in April 1932 adopted a Five-Year Plan for expanding the production of that cereal. The first and most important step taken in the execution of the plan was a substantial increase in the import duty on wheat and flour. The increased duties, together with the policy of depreciating the yen, effectively put an end to the importation of wheat for domestic consumption and turned the domestic market over to domestic wheat growers. As a result, acreage, yields, and production were increased markedly in 1933, 1934, and 1935, and during the last 2 years the crops approximately equaled requirements.

Next to rice, the production of cocoons is the most important agricultural industry of Japan. The large silk industry and the cocoon producers were especially hard hit by decreased world purchasing power resulting from the depression. The Government, therefore, decided to grant special aid to the various branches of the silk industry. This assistance took the form mainly of direct financial aid through Government loans. The Government, however, utilized these loans as a means of curtailing the cocoon crop by taking out of cultivation about 10 percent of the area under mulberry trees.

Government aid to agriculture in Japan has been extended also through subsidies and through the authorization of various governmental financial institutions to readjust loans to farmers and to relieve country banks of frozen assets. Recently the Government established a National Economic Reconstruction Commission under the auspices of the Minister of Agriculture. This commission is studying the problem of the complete rehabilitation of the nation's agriculture. Its immediate function is to make surveys of the agricultural situation, through Village Economic Planning Commissions, particularly with reference to such basic problems as land utilization, agricultural credit, taxation, and cooperative marketing. Its present activities are viewed only as the beginning of a far-reaching program for the complete reorganization of Japanese agriculture.

FARM AID IN FOREIGN COUNTRIES, CONT'D

China

China is essentially an agricultural country. Three-fourths of its vast population are engaged in agricultural pursuits, and agricultural products constitute the bulk of the country's total production and exports. But despite its predominantly agricultural nature, China has in recent years shown an increased dependence upon foreign sources of supply for food as well as for such agricultural products as cotton and tobacco.

The quantity of China's agricultural imports in relation to domestic production has never been large. But such imports have constituted a large part of the nation's total import trade and have been an important factor in the country's heavy adverse balance of trade. The latter looms large as a cause of China's present economic plight.

The authorities responsible for the formulation of China's economic policy have concluded that a country so definitely agricultural should reduce imports of agricultural products to a minimum and proceed as far as possible toward attaining self-sufficiency with respect to such commodities as can be produced at home. The realization of that objective, however, depends upon the solution of a greater variety of political, economic, and educational problems than the existing Government seems to be able or willing to consider at the moment. The Government, nevertheless, is fully aware of the importance of agriculture in the national economy and is treating the question of agricultural relief as a major national problem.

Government aid to agriculture in China may be grouped under three headings: first, import restrictions; second, production aids, and, third, agricultural financial reform. Thus far, tariff duties on agricultural imports have been the least important method of restricting imports and of encouraging domestic production. While duties have been levied on rice, wheat, barley, flour, tobacco, and raw cotton, they have been intended more for revenue purposes than for protection. In the case of tobacco, and possibly also of cotton, however, the fact that duties do exist has tended to increase the price of the native product sufficiently to encourage some expansion in production. In addition to duties, China has in a number of cases resorted to the use of internal taxes which often operate in such a way as to discriminate in favor of domestic production.

Up to the present time, the Chinese Government in its promotion of a larger measure of agricultural self-sufficiency for the nation has relied more on production aids than upon import restrictions. But the aids to production, unlike those of most other countries, have involved little governmental regulation through control measures or support through bounties. The policy of the National Government relative to expansion in production is being realized largely through such general measures as agricultural education, improvement in production technique, encouragement

of cooperative marketing, agricultural credit reforms, and the amelioration of farmers' financial difficulties through more equitable taxation.

A Rural Rehabilitation Commission, functioning under the auspices of the National Economic Council of China, is the body responsible for the application of the Government's agricultural policy. The commission is organized on the basis of control boards for cotton, cereals, silk, and tobacco, which are financed by funds advanced by the National Government.

Governmental activities connected with improvement in varieties, seed selection, fertilization practices, improved cultivation methods, prevention of insect damage, and irrigation developments for individual crops are centralized in these commodity boards. The boards are also authorized to bring about improvements in transportation facilities, processing methods, and marketing of farm products.

The work of the Government Cotton Bureau is perhaps typical of the scope of these commodity organizations. The activities of this organization include standardization, grading, and inspection of cotton; development of cooperative cotton marketing; experimental work with different varieties of cotton; and short courses for training personnel in connection with cotton work. Particular stress is being laid on the improvement of the quality of Chinese cotton, which is generally admitted to be low and subject to further deterioration through widely practiced adulteration.

The National Government of China is aware that one of the factors that has been largely responsible for the disruption of the country's agricultural system is a shortage of capital in the interior. In an attempt to rectify this situation, the Government recently appointed a Rural Finance Commission for the improvement of rural financial conditions. This resulted in the establishment of a Governmental Central Agricultural Bank with branches in provinces and districts through which the farmers are granted loans at moderate rates of interest. Under a Cooperative Society Law formulated in 1934, the National Government is also encouraging the development of rural cooperative marketing and purchasing societies.

Increased attention is being devoted by the Chinese Government to the problems of financing the storage of agricultural products, particularly with a view to adjusting current supply and demand. The Government is also endeavoring to find a solution to the fundamental problem of excessive and ever-increasing provincial and national taxation which historically has been an important factor in rural economic distress in China. As a step in that direction, the National Government in 1934 decreed that no further increase was to be made in land taxes. Moreover, it ordered the abolishment of a number of miscellaneous taxes.

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WHEAT: Closing Saturday prices of July futures

Date	Chicago		Kansas City		Minneapolis		Winnipeg a/		Liverpool a/		Burenos Aires b/	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High c/...	101	94	101	93	111	104	90	84	84	94	d/ 65	91
Low c/....	88	84	87	80	99	90	84	75	77	86	d/ 60	90
May 2.....	96	86	95	83	108	96	89	79	81	91	d/ 63	90
9.....	94	87	94	83	108	93	89	78	81	90	d/ 63	90
16.....	91	86	91	81	106	91	87	78	80	89	d/ 62	90
23.....	88	85	87	81	103	92	87	75	77	86	d/ 60	d/ 90

a/ Conversions at noon buying rate of exchange. b/ Prices are of day previous to other prices. c/ April 1 to date. d/ June futures.

WHEAT: Weekly weighted average cash price at stated markets

Week ended	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 2 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle a/	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High b/...	113	98	107	106	121	127	138	110	100	110	88	87
Low b/....	107	87	98	93	115	108	117	103	92	100	82	80
May 2.....	112	93	103	101	120	121	130	109	98	106	86	84
9.....	111	92	103	96	119	118	123	103	95	102	85	82
16.....	109	87	103	93	118	108	117	106	93	100	84	80
23.....	110	90	100	94	117	112	119	108	92	101	82	

a/ Weekly average of daily cash quotations, basis No. 1 sacked 30 days delivery.
b/ April 1 to date.

WHEAT: Price per bushel at specified European markets, 1934-35 and 1935-36

Date	Range	Rotterdam Hard Winter No.2	Rotterdam Manitoba No.3	Rotterdam Argentina a/	Rotterdam Australia b/	Berlin c/	Paris (Domestic)	Milan (Domestic)	England and Wales
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1934-35 d/	High..	97	103	83	97	228	240	245	74
	Low...	69	83	57	69	210	135	189	58
1935-36 d/	High..	103	104	98	98	232	188	258	90
	Low..	74	82	63	71	209	121	205	59
Apr. 16...		e/ 91	91	90	91	228	174		86
23...		e/ 93	92	92	96	228	174		87
30...		e/ 92	90	90	96	228	172		88
May 7...		e/ 91	89	89	93	231	172		90

Division of Statistical and Historical Research. Prices at Paris and Milan are of day previous to other prices. Prices in England and Wales are for week ending Saturday. Conversions made at current exchange rates. a/ Barusso. b/ F. A. Q. c/ Producers' fixed price from August 16, 1934. d/ July 1 to date. e/ Nominal

FEED GRAINS AND RYE: Weekly average price per bushel of corn, rye, oats, and barley at leading markets a/

Week ended	Corn						Rye		Oats		Barley	
	Chicago				Buenos Aires		Minneapolis		Chicago		Minneapolis	
	No. 3 Yellow		Futures		Futures		No. 2		No. 3 White		No. 2	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High b/..	96	65	90	64	39	43	80	58	58	31	113	74
Low b/...	80	59	78	59	37	39	53	48	43	26	86	58
			May	May	May	May						
Apr. 25..	89	65	89	64	38	42	66	50	50	29	99	62
			July	July	June	July						
May 2....	89	63	84	61	38	43	61	48	48	27	95	64
9....	89	64	82	61	38	43	61	49	46	28	92	61
16....	87	63	82	61	38	42	55	52	44	27	86	67
23....	87	63	81	60	33	42	53	53	43	26	89	59

a/ Cash prices are weighted averages of reported sales; future prices are simple averages of daily quotations. b/ For period January 1 to latest date shown.

FEED GRAINS: Movement from principal exporting countries

Item	Exports for year		Shipments 1936, week ended a/			Exports as far as reported		
	1933-34	1934-35 b/	May 9	May 16	May 23	July 1 to	1934-35 b/	1935-36 b/
	1,000	1,000	1,000	1,000	1,000		1,000	1,000
BARLEY, EXPORTS: c/	bushels	bushels	bushels	bushels	bushels		bushels	bushels
United States....	5,935	4,050	33	47	481	May 23	3,954	8,954
Canada..........	1,547	14,453				Apr.30	12,102	4,677
Argentina.......	23,781	20,129	d/ 32	d/ 207	d/ 565	May 23	18,650	8,531
Danube coun. d/..	27,707	7,870	41	33	41	May 23	7,730	9,093
Total.........	58,970	46,502					42,436	31,255
OATS, EXPORTS: c/								
United States....	1,405	1,147	1	4	4	May 23	710	869
Canada..........	8,336	17,407				Apr.30	13,976	12,241
Argentina.......	20,385	44,072	d/ 7	d/ 303	d/ 262	May 23	41,597	10,100
Danube coun. d/..	2,027	10	0	0	0	May 23	10	40
Total.........	32,153	62,636					56,293	23,250
CORN, EXPORTS: e/						Nov. 1 to		
United States....	4,832	891	0	0	62	May 23	576	275
Danube coun. d/..	19,913	14,988	587	425	485	May 23	11,635	6,232
Argentina.......	228,864	256,143	d/3,535	d/4,843	d/3,946	May 23	111,270	152,584
South Africa d/..	8,583	21,882	60	43	102	May 23	12,765	6,468
Total.........	262,192	293,904					136,246	165,559
United States imports.........	1,362	41,141				Mar.31	8,660	7,381

Compiled from official and trade sources. a/ The weeks shown in these columns are nearest to the date shown. b/ Preliminary. c/ Year beginning July 1. d/ Trade sources. e/ Year beginning November 1.

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FEED GRAINS: Acreage, specified countries, annual 1933-1936

Crop by countries reported in 1936	1933	1934	1935	1936	Percentage 1936 is of 1935
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
BARLEY					
United States	10,009	7,095	12,858	a/13,017	101.2
Canada	3,658	3,612	3,887	a/ 4,055	104.3
Belgium b/	80	81	78	81	103.8
France	1,736	1,810	1,795	1,791	99.8
Spain	4,633	4,752	4,549	4,528	99.5
Germany b/	672	757	958	1,005	104.9
Czechoslovakia	1,639	1,632	1,594	1,596	100.1
Yugoslavia b/	597	589	594	613	103.2
Greece	554	526	544	529	97.2
Bulgaria b/	491	446	431	381	88.4
Rumania	4,485	4,332	4,079	4,065	99.7
Poland b/	81	76	93	79	84.9
Total Europe (10)	14,968	15,001	14,715	14,668	99.7
Morocco	3,752	3,844	4,303	3,967	92.2
Algeria	3,450	3,131	3,104	3,039	97.9
Egypt	292	284	281	284	101.1
Total North Africa (3)	7,494	7,259	7,688	7,290	94.8
Total 15 countries	36,129	32,967	39,148	39,030	99.7
Estimated Northern Hemisphere total, excluding China	87,700	89,100	93,100		
OATS					
United States	36,701	30,172	39,714	a/39,785	100.2
Canada	13,529	13,731	14,096	a/14,150	100.4
Luxemburg	68	67	67	67	100.0
France	8,314	8,210	8,202	8,190	99.9
Spain	1,893	1,932	1,848	1,358	73.5
Czechoslovakia	1,976	1,936	1,898	1,924	101.4
Rumania	2,050	2,044	1,970	2,039	103.5
Total Europe (5)	14,301	14,189	13,985	13,578	97.1
Morocco	79	66	70	31	44.3
Algeria	451	450	434	457	105.3
Total North Africa (2)	530	516	504	488	96.8
Total 9 countries	65,061	58,608	68,299	70,535	103.3
Estimated Northern Hemisphere total, excluding China	135,500	131,900	141,600		

Compiled from official sources. a/ Intentions to plant. b/ Winter acreage only.

COTTON: Price per pound of representative raw cotton at Liverpool, May 22, 1936, with comparisons

Description	1936								
	Mar.	April				May			
	27	3	9 a/	17	24	1	8	15	22
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
American -									
Middling..............	13.28	13.42	13.53	13.55	13.61	13.29	13.40	13.57	13.61
Low Middling..........	12.42	12.49	12.60	12.62	12.69	12.37	13.36	12.43	12.47
Egyptian (Fully good fair)									
Sakellaridis..........	18.98	18.90	18.96	18.82	18.81	18.29	18.58	18.67	18.38
Uppers................	15.20	15.26	15.17	15.19	15.32	14.96	15.24	15.39	15.29
Brazilian (Fair) -									
Ceara.................	12.66	12.70	12.91	12.93	12.99	12.47	12.57	12.64	12.68
Sao Paulo.............	13.39	13.42	13.63	13.65	13.71	13.39	13.40	13.46	13.51
East Indian -									
Broach (Fully good)....	10.89	10.90	10.81	10.87	11.14	10.88	10.31	10.44	10.51
Oomra No. 1, Fine......	10.44	10.45	10.31	10.25	10.42	10.16	10.00	10.03	9.99
Sind (Fully good)......	8.93	9.05	8.91	8.98	9.15	8.88	8.96	9.10	9.22
Peruvian (Good)									
Tanguis................	15.86	15.90	16.10	16.12	16.18	15.86	15.99	-	-

Compiled by Foreign Agricultural Service Division. Converted at current exchange rate. a/ Thursday prices, due to holiday Friday.

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CZECHOSLOVAKIA: Acreage of specified crops, 1931-1936

Harvest year	Wheat		Rye		Barley		Oats	Potatoes	Sugar beets
	Winter	Spring	Winter	Spring	Winter	Spring			
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
1931.....	1,962	98	2,417	73	16	1,765	2,042	1,778	458
1932.....	1,997	95	2,525	60	16	1,746	2,027	1,812	360
1933.....	2,160	113	2,539	56	13	1,628	1,983	1,831	358
1934.....	2,099	230	2,415	58	11	1,633	1,971	1,850	393
1935.....	a/2,250	137	2,464	50	14	1,586	1,921	1,851	387
1936.....	a/2,217	124	2,483	47	15	1,581	1,924	1,870	390

International Institute of Agriculture, Rome.
a/ Including spelt.

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BUTTER: New Zealand gradings, 1935-36 season to May 15, with comparisons

Date	1933-34	1934-35	1935-36
	1,000 pounds	1,000 pounds	1,000 pounds
Total August 1 to January 25..	204,557	194,832	200,580
Week ended			
February 1..................	8,176	6,944	9,520
7..................	7,784	6,272	9,738
14..................	7,168	5,656	8,798
21..................	7,840	5,999	8,848
28..................	7,280	6,216	8,064
February total..............	38,248	31,087	44,968
March 6.....................	7,336	6,328	7,784
13.....................	7,280	6,160	7,952
20.....................	6,440	6,384	7,336
27.....................	5,432	5,880	6,440
March total.................	26,488	24,752	29,512
April 3.....................	6,216	5,712	6,440
10.....................	4,928	5,768	5,600
17.....................	4,480	4,558	5,656
24.....................	3,472	4,760	4,704
April total.................	19,096	20,798	22,400
May 1.......................	3,304	4,480	4,704
8.......................	2,632	3,696	3,864
15.......................	2,240	2,856	2,968
Total August 1 to May 15......	296,565	283,501	308,996

Agricultural Attaché C. C. Taylor, London.

BUTTER: Price per pound in New York, San Francisco, Copenhagen, and London, May 28, 1936, with comparisons

Market and description	1936		1935
	May 21	May 28	May 31
	Cents	Cents	Cents
New York, 92 score...........	27.0	28.0	25.0
San Francisco, 92 score.......	29.0	30.0	26.0
Copenhagen, official quotation	18.4	18.7	15.8
London:			
Danish.....................	24.0	24.6	21.6
New Zealand................	21.7	23.0	18.0
Dutch......................	20.2	21.6	17.2

Foreign prices converted at current rates of exchange.

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GRAINS: Exports from the United States, July 1-May 23, 1934-35 and 1935-36
PORK: Exports from the United States, Jan. 1-May 23, 1935 and 1936

Commodity	July 1-May 23 1934-35	July 1-May 23 1935-36	Week ended May 2	Week ended May 9	Week ended May 16	Week ended May 23
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
GRAINS:						
Wheat a/..............	3,028	266	0	13	0	1
Wheat flour b/........	16,436	12,159	155	108	122	113
Barley a/............	3,954	8,954	166	33	47	481
Corn.................	1,848	231	0	0	0	62
Oats.................	114	374	6	1	4	4
Rye..................	0	6	0	0	0	0
	Jan 1 - May 23	Jan 1 - May 23				
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
PORK:						
Hams and shoulders....	22,156	12,959	401	904	479	398
Bacon, including sides	3,487	1,468	238	84	136	249
Pickled pork..........	3,893	2,771	33	114	193	86
Lard, excluding neutral	61,822	44,984	1,145	1,119	1,657	3,375

Division of Statistical and Historical Research. Official records, Bureau of Foreign and Domestic Commerce. a/ Included this week: Pacific ports, wheat, none; flour 12,800 barrels, from San Francisco, barley 481,000 bushels; rice 1,254,000 pounds. b/ Includes flour milled in bond from Canadian wheat, in terms of wheat.

WHEAT, INCLUDING FLOUR: Shipments from principal exporting countries as given by current trade sources, 1933-34 to 1935-36

Country	Total shipments 1933-34	Total shipments 1934-35	Shipments 1936 week ended May 9	May 16	May 23	Shipments July 1 - May 23 1934-35	1935-36
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America a/......	220,616	168,712	6,680	4,821	6,341	148,496	190,178
Canada, 4 markets b/..	194,213	176,059	5,940	9,157	8,664	161,897	219,517
United States c/......	37,002	21,532	121	122	114	19,464	12,425
Argentina.............	140,128	186,228	952	1,132	1,224	171,012	92,932
Australia.............	90,736	111,628	1,852	2,362	1,875	103,776	102,985
Russia................	26,656	1,656	280	0	288	1,656	30,104
Danube and Bulgaris d/	15,872	4,104	0	0	0	1,888	8,168
British India.........	c/ 2,084	c/2,318	0	0	0	312	256
Total e/............	496,092	474,646				427,140	424,623
Total European shipments a/...........	401,560	387,752	8,504			f/ 331,920	305,680
Total ex-European shipments a/...........	123,352	142,424	2,144			f/ 117,904	117,728

Division of Statistical and Historical Research. Compiled from official and trade sources. a/ Broomhall's Corn Trade News. b/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster. c/ Official. d/ Black Sea shipments only. e/ Total of trade figures includes North America as reported by Broomhall. f/ To May 9.

EXCHANGE RATES: Average weekly and monthly values in New York of specified currencies May 23, 1936, with comparisons a/

Country	Monetary unit	Month					Week ended		
		1934	1935	1936			1936		
		Apr.	Apr.	Feb.	Mar.	Apr.	May 9	May 16	May 23
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina..	Paper peso	34.35	32.22	33.33	33.13	32.95	33.10	33.09	33.12
Canada.....	Dollar....	100.21	99.53	100.11	99.84	99.50	99.96	99.81	99.68
China......	Shang.yuan	34.15	38.79	29.91	29.82	29.73	29.74	29.70	29.64
Denmark....	Krone.....	23.01	21.59	22.32	22.19	22.06	22.18	22.17	22.19
England....	Pound.....	515.34	483.68	500.05	497.07	494.27	496.88	496.65	497.13
France.....	Franc.....	6.62	6.60	6.68	6.63	6.59	6.58	6.59	6.58
Germany....	Reichsmark	39.59	40.26	40.69	40.44	40.24	40.35	40.32	40.25
Italy......	Lira......	8.56	8.28	8.04	7.98	7.89	7.87	7.85	7.84
Japan......	Yen.......	30.31	28.37	29.13	28.93	28.87	29.02	29.05	29.11
Mexico.....	Peso......	27.72	27.94	27.77	27.77	27.77	27.76	27.76	27.76
Netherlands	Guilder...	67.85	67.46	68.68	68.35	67.89	67.69	67.63	67.57
Norway.....	Krone.....	25.88	24.30	25.12	24.97	24.83	24.96	24.95	24.98
Spain......	Peseta....	13.70	13.67	13.84	13.74	13.65	13.64	13.66	13.64
Sweden.....	Krona.....	26.56	24.93	25.78	25.63	25.48	25.62	25.60	25.63
Switzerland	Franc.....	32.46	32.36	33.03	32.82	32.58	32.45	32.37	32.32

Federal Reserve Board. a/ Noon buying rates for cable transfers.

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LIVESTOCK AND MEAT: Price per 100 pounds in specified European markets, May 20, 1936, with comparisons a/

Market and item	Week ended		
	May 22, 1935	May 13, 1936	May 20, 1936
	Dollars	Dollars	Dollars
Germany:			
Price of hogs, Berlin..........	15.78	17.70	17.70
Price of lard, tcs., Hamburg...	16.12	11.82	11.68
United Kingdom: b/			
Prices at Liverpool 1st quality			
American green bellies.......	14.27	Nominal	Nominal
Danish Wiltshire sides.......	20.35	20.40	20.19
Canadian green sides.........	18.08	17.74	17.61
American short cut green hams	19.76	21.08	21.33
American refined lard........	13.61	12.40	11.90

Liverpool quotations are on the basis of sales from importer to wholesaler.
a/ Converted at current rate of exchange. b/ Week ended Friday.

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